

## Watchdog groups of MPs and peers to examine EEC legislation

The Government has set up two select committees, one each of MPs and peers, to safeguard British interests in the EEC. They will examine Brussels regulations affecting Britain and will take evidence from pressure groups and extra-parliamentary interests.

Although the Government intends to renegotiate the terms of Britain's membership of the EEC, senior ministers believe that there is a need for such watchdog committees to look after matters of domestic concern until renegotiation is under way (our Political Staff writes).

## Brussels 'neglect' of British interests

John Gower, Political Staff

Two select committees set up by the Government in the past few days will keep an eye on legislative proposals being made by the European Commission in Brussels.

Their first object will be to guard British interests until the time as the terms of the EEC membership of the UK can be renegotiated by Mr. Lagham, the Foreign Secretary.

The two committees, one in the Lords and one in the Commons, will work together and I keep in contact with the chief delegates to the European Council.

They will examine EEC decisions on subjects that affect Britain and decisions to which Parliament at Westminster has no say. About 200 EEC regulations are made each year by members of the two committees point out that there is a backlog of proposed legislation that must be looked at.

Although Mr. Wilson and his colleagues are committed to renegotiation of the terms of membership, and even though the members of the Government want to pull Britain out of Europe altogether, senior ministers take the view that the renegotiation is being delayed and that it must be mediated action to safeguard British interests.

All the select committees, British interests are neglected in the terms of the Brussels bureaucracy.

By the time the regulations are debated in Strasbourg, they are too late for the Government to make any amendments, although delegates to Strasbourg might express the British viewpoint. What is needed, the ministers say, is a minister to bring his arguments to bear before decisions are made in Brussels.

Since the issues are defined by the select committees, those who handle European matters (and those who will be responsible for carrying on the

## Captured IRA man was living at former base of army spy operation

From Robert Fisk, Belfast

The arrest on Friday of the IRA's most senior officer in Belfast in the city's fashionable suburb of Malone, which led to the seizure on Saturday of explosives in a Berkshire house, appears to have been preceded by a carefully planned but possibly coincidental intelligence operation by the British Army.

The Provisionals are convinced that they have an informer in their midst but the Army, both publicly and privately, will only hint that that is the case.

"Whether by chance or design, what seems to have happened is that both the Army and the IRA chose the same area of Belfast, and on one occasion the same house, from which to carry on their intelligence operations. One of the houses raided by the

police at the weekend, 6 Randal Park, turns out to have been the former base of the Army's Four Square Laundry spy operation.

A second IRA man arrested on Friday was living there, next door to a flat which had been the home of an Army undercover agent, murdered by the Provisionals 18 months ago.

Altogether, three locations in the "stockbroker belt" of Malone were searched by soldiers and RUC men on Friday. At 64 Myrtlefield Park they found Mr. Brendan Hughes, the IRA's Belfast brigade commander. Mr. Denis Loughlin, one of his assistants, and piles of maps and documents. Information found in the documents is believed to have prompted the Thames Valley police to raid a house in Maidenhead, Berkshire, on Saturday.

Mr. Loughlin's home was a flat in a three-storey building at 6 Randal Park, and there the police found his wife, ammunition, and incendiary bombs. Local residents believed the building had been under surveillance for several weeks and one tenant thought that plain clothes soldiers had been living in neighbouring flats.

The tenant, a woman, said yesterday that young Englishmen with Home Counties accents, whom she took to be intelligence officers, had rented rooms in the house for periods of three months over the past two years. Her suspicions were also aroused some months ago when young men were seen entering an empty Baptist manse on the opposite side of the road.

At least one other neighbour saw the men on another occasion but although police were told

they apparently made no inquiries.

What all the local residents remember, however, is that the young man who had rented a flat at the front of number six next door to where the Loughlins now have their home, ran the Four Square Laundry. He used to park his laundry van in the driveway.

On October 2, 1972, the IRA ambushed that laundry van in the Dummurly housing estate, about a mile away, killing a plain clothes soldier and almost capturing his woman assistant. The Army said later that man was a Royal Engineer called Edward Stuart and admitted that the laundry service was a cover for a spy operation.

Mr. Loughlin later took a flat in the same building and made no secret of his name. He, his wife and two children, had been

living there since last November. The third location raided by the police was at Vellington Park Avenue, not far from Queen's University. In a lockup garage behind the street the RUC found 600lb of explosives, commercial gelatin, detonators, smoke grenades, hand grenades, and 151 rounds of ammunition.

But the young man whom the police wanted to interview in an upstairs flat at number two had disappeared more than 24 hours earlier after receiving early morning telephone calls. Once again, residents asked if seeing men in a building on the opposite side of the road watching number two during the past weeks.

Whoever the man, known as "Alex", was, the police made a thorough job of searching his flat. They broke into the second

floor lavatory, which appeared to have been locked, took off the hatchway into the roof and cleared out all his clothes and belongings.

The Army would make no comment yesterday on its intelligence operations. A spokesman said that there was no one available who was on duty in Northern Ireland at the time of Sapper Stuart's death and that if the Four Square Laundry was operated from 6 Randal Park then that was "a complete coincidence".

Police interview men: Two men were being interviewed by police yesterday after the raid on a house in Maidenhead, Berkshire, in which armed detectives seized a large quantity of explosives (The Press Association reports). The two men were held as they arrived at the terrace house, on the outskirts.

## Mr Nixon 'will face trial rather than quit'

From Fred Emery, Washington, May 12

President Nixon tried to silence the chorus demanding his resignation with new insistence yesterday, that he would stay in office until found guilty in a Senate trial after impeachment.

Even if he had the support of only one of the 100 senators, he would not resign, according to a vow attributed to him by his daughter, Mrs. Julie Eisenhower.

Mr. Nixon, speaking on a friendly ground in Oklahoma last night, was not this specific. "I have that old Okie spirit," the president said, referring to the reputed resilience of the dustbowl farmers. "I've got it deep down in my heart, and we never give up."

Later, in an address at the state university, he said provocatively that since he had handed over "all the evidence" he hoped Congress would act promptly, and let everyone get back to the "people's business".

But the President's staff and, more particularly his daughter, made it clear for the first time that he expects to be impeached by the House of Representatives and sent for trial by the Senate.

To judge by the latest Harris survey, not today, the American people have shifted sharply in favour of impeachment after a look at the Watergate transcripts.

In March and April the number for and against impeachment broke even at 42 per cent. Now 49 per cent favour impeachment and removal from office while 42 per cent oppose such action. The "don't know" have dropped from 16 to 10 per cent. Far heavier majorities go against the President on all impeachment-type counts.

Mr. Harris concludes that the President's gamble in releasing the transcripts has "backfired" badly among the people and has left him more susceptible than ever to impeachment.

Vice-President Ford, who one day seems to be leading Mr. Nixon's critics, said the next day, "I don't know" after denying only two days ago that he discussed the resignation issue with the President last Friday.



President Nixon photographed during his address at Oklahoma State University, Stillwater.

He had assured Mr. Nixon that he was not among those "trying to jump off his ship of state," he told a university audience in Texas. Mr. Ford did not explain why he needed to offer such assurances—but clearly, his outspokenness has displeased Mr. Nixon.

Later at a press conference, Mr. Ford said he was still against the idea of a presidential resignation, and he was "disturbed" by those who called for one. But he said he would not criticize

## Dr Kissinger reports progress on Golan pact but gap remains

From Paul Martin, Damascus, May 12

Syria has presented Dr. Kissinger, the American Secretary of State, with a comprehensive plan linking disengagement on the Golan Heights front with a more complete Israeli withdrawal. The plan was drawn up in reply to Israel's "final offer" in the tough bargaining process initiated by the Americans.

All concerned believe this is the crucial point in Dr. Kissinger's mission, and he has made it clear himself. As he left Damascus for another round in Jerusalem, he said the talks have moved from the general stage to a "detailed and complete" one.

"We have made some progress, but there is no agreement so far," Dr. Kissinger said. "I am returning to Israel carrying with me Syrian considerations, and I expect to be back in Damascus on Tuesday." This confirmed earlier American expectations that his mission would probably be extended well into the second week.

Although this is his third visit to Damascus since his disengagement mission began two weeks ago, it was the first time that he had accompanied him. In a relaxed atmosphere, devoid of the usual security, he made use of a warm and sunny day to tour some of the sights of the ancient capital.

Clearly the Syrians were well prepared for Dr. Kissinger. In the talks with Dr. Kissinger, President Hafez al-Assad had at his side General Mustafa Tlas, the Defence Minister; Brigadier Hikmat Chehab, the Chief of Military Intelligence; and Mr. Abdul Halim Khaddam, the Foreign Minister. Brigadier Chehab led the Syrian military mission to Washington.

When he left for Israel, Dr. Kissinger took with him detailed military maps of the Golan front and the Syrian proposals for a solution. Although the talks have dealt searchingly with the mechanics of withdrawal since the beginning, this is the first time that the Americans have referred to "complete considerations".

The Syrians have maintained that the amount of territory Israel is willing to cede in total

disengagement is less important than withdrawal from territory captured in 1967.

The plan brought by Dr. Kissinger from Jerusalem today, and discussed in his meeting with Syrian leaders, caused some satisfaction here. The Israelis are understood to have offered all the town of Quneitra, the regional capital of Golan on the fringe of territory conquered by Israel in 1967. Furthermore, there is understood to have been provision for the three hills commanding the town from the west to be handed over to United Nations forces after Israel's withdrawal. Under the plan the Israeli line would run farther west of the hills, and this goes a long way to satisfying Syrian demands on Quneitra.

If the Syrians could win an initial Israeli withdrawal from the salient captured by Israel in the counter-thrust in October war, plus the town of Quneitra, this would be regarded as a satisfactory "first step". However, they have made it clear in the latest talks that this is secondary to the question of overall withdrawal as called for in United Nations Security Council's resolution 242.

One of the points set out by the Syrians is that Israel's continued insistence on "protecting" its settlements created in Golan since 1967, neutralizes any good will that may come from an initial withdrawal.

Moshe Barakat writes from Tel Aviv: In spite of sanguine reports about the progress of Dr. Kissinger's efforts, Israel and the Syrians still have a long way to go. Dr. Kissinger returned to Jerusalem this evening to report to Israeli leaders on his meeting with President Assad in Damascus. A member of the American entourage said the area of disagreement between the parties had narrowed today, but there was still a gap. Dr. Kissinger was reported to feel that the gap was bridgeable.

Beirut, May 12.—Mr. Zeid al-Rikhi, the Jordan Prime Minister, has disclosed that Jordan has turned down an Israeli offer to withdraw from the occupied West Bank in return for retaining military positions in the region.

## Fear of huge rent rises upsets West End tenants

By Michael Horsnell

Fears of massive rent increases and the misery of a repair programme now in its second year are threatening to force tenants to quit a block of flats in St. James's, London.

Complaints by tenants living without security of tenure at Arlington House, near the Ritz Hotel, about the "unbearable disruption" of a permanent work-force engaged in refurbishing the block are in the hands of solicitors.

The landlords, Regional Properties Ltd, of Berkeley Square, have told one tenant that his rent may be more than doubled to £8,000 a year when his lease comes up for renewal in two years, after the relaxation of the Government's rent freeze.

Regional Properties have also told him that they would consider accepting the surrender of his existing lease.

Workmen, who have been involved in noisy work in public areas of the block, now directly into flats as they become empty, and two refurbished flats have been recently advertised at rentals of £4,500 and £6,000. When they were last occupied about a year ago the rents were under £2,000 and £3,000 respectively.

Refurbishment largely consisted of the installation of new baths, lavatories and windows, maintenance work, rewiring, and the removal of dividing walls. Improvement to flats qualifies for exemption from the rent freeze but increases allowed are limited by reference to the cost of the improvement.

At the centre of the tenants' complaints is Mr. Victor Lucas, a director of the company and chairman of the National Association of Property Owners. Mr. Lucas, who has apologized for noise and disruption at Arlington House, has been leading a NAO campaign against abuses and unethical practices by landlords of privately rented residential accommodation.

In November last year the association called for a code of conduct for landlords after disclosures in The Times about its

## IP issues nurses' pay challenge to government

William Hamilton, Labour for Fife, Central, promised yesterday that he and his colleagues in the Commons were ready to bring down the Government, if necessary, to ensure nurses get a square deal.

He said: "The Government would be responsible if patients suffered or because of militant action nurses, he said."

Speaking to more than 300 at a Bellisleye Hospital, at Perth, Strathgordon, he said: "Barbara Castle [Secretary of State for Health and Social Security] can talk of her left politics, but she is a very if she does not deliver goods."

He said: "The nation was still dependent on the 'wretched mythical Florence Nightingale' of nursing. He said: 'I'm God she had never lived, use you are suffering from romantic image. Nursing is a romantic at all; it is about it, urine and blood.'"

Hamilton was given an enthusiastic reception by his audience, about 90 per cent of whom voted in favour of a strike.

He said: "The Government is going to see ministers' leaders will ask Mrs. Thatcher to require the new authorities to close their wards when there are no nurses acceptable standards or when that can be done by putting the nurses under terrible pressures (our Medical Reporter writes)."

A 44-member delegation from the Royal College of Nursing also demand an immediate action to the authorities to have nurses of non-nursing colleges is believed to be an answer to its demands in three weeks. If it gets satisfaction, plans for action in the National Health Service will be taken.

## Tories 'hid £900m state industries deficit'

From Alan Hamilton, Labour Staff, Bournemouth

The Labour Government inherited a £1,400m deficit on the nationalized industries when it came to power 10 years ago, nearly three times the figure claimed by the outgoing Conservatives, the Prime Minister told a rally of the Union of Post Office Workers in Bournemouth yesterday.

Mr. Wilson told 1,600 delegates that it was hypocritical of the Opposition to complain of impending increases in the price of electricity and coal, in railway fares, and Post Office

services. The real figures were discovered by the Wilson Government the night it took office, and the Conservatives must therefore have known the true picture, the Prime Minister said, but in the last Budget they had claimed a deficit of only £500m.

"That was the cost of the deliberate fight that was picked with the miners. That was the cost to a considerable extent, of the strike and the three-day week. That was the damage that Tory policies did to Britain's economy," Mr. Wilson said.

The real deficit in nationalized industries for 1974-75 would be

£280m on the railways, and not £175m as claimed, £450m on coal instead of £150m, and £700m for the Post Office, gas and electricity industries combined, instead of £175m.

"The Conservatives knew what those figures were before they left office. So they knew that they would have had to raise nationalized industry prices by at least the same amount. So what would they have done differently?"

Steepest increases in the prices of coal and electricity, in railway fares and postal charges will be brought in later this year.

Mr. Wilson said the only alternative to price increases in those industries was to load their cost on to taxation including higher taxes for the 1,500,000 people that Labour had decided to raise the income tax and altogether it would also mean higher taxes on food, drink, consumer goods and petrol.

Mr. Wilson was given a rousing ovation at the beginning and end of his 45-minute address to the preconference rally, in spite of his audience being one of the groups that have so far benefited least from the Government's 10 weeks in office.

## Poll shows that 72% would back wealth tax on assets exceeding £75,000

A survey made for The Times by Opinion Research Centre, finds considerable public support for the introduction of a wealth tax to be levied on those with assets of more than £75,000.

There is also widespread, but less pronounced, support for some degree of distribution of wealth by heavier taxation of the higher paid and better off.

It is, however, clear from the survey that the public hold widely differing conceptions of what level of income or assets is necessary for the term "wealth" to be applied.

If measured in terms of annual income, before tax, one in five voters nominate sums ranging up to £50,000 a year as constituting wealth. One-third feel the necessary level of income lies between £5,000 and £10,000 a year, and a total of 31 per cent would regard themselves as wealthy if they earned between £10,000 and £30,000 a year. Thus 52 per cent of the electorate set the income level at which they regard a person as wealthy at somewhere below £10,000 a year, and most voters—83 per cent—set the level somewhere below £30,000 a year.

The scale is set higher if wealth is defined in terms of assets or property. Less than a third would consider themselves

	Q (a) Other persons' money/property	Q (b) Own money/property	Q (c) Income
Cumulative Total			
Under £5,000	4	15	20
Under £10,000	12	29	52
Under £20,000	43	61	83
Under £25,000	69	81	90
Under £30,000	74	86	91
Under £40,000	87	95	93
Under £50,000	98	99	94
Up to and exceeding £1m.	98	99	94
Do not know/No idea	2	1	6

\*NOTE: The table summarizes the wide range of answers given by respondents, the cumulative percentage of voters naming a figure somewhere under £5,000, and then under £10,000, etc.

wealthy owning assets worth less than £10,000. The consensus figure is reached at £30,000. At this level, a total of 61 per cent of voters would consider themselves wealthy. A total of 81 per cent would view themselves as wealthy if owning assets ranging up to £75,000.

When asked how much capital or property a person would need to own before being described as "rich" or "wealthy", 69 per cent of voters gave totals below £75,000. Less than a third consider the wealthy to be confined to those with capital assets worth more than £75,000.

(a) Many people talk about "the rich" and "the wealthy". How much money or property

## Crown to sell plots next to Windsor park

Eleven plots of land next to Windsor Great Park are being offered for sale by the Crown Estate Commission for about £20,000 each. Six will have gardens leading into the park. The plots, which are being offered on 99-year leases, vary in size from half an acre to an acre. They became available when two houses with large gardens were demolished.

"This is a unique offer," the Crown Estate Office said. "We are trying to get private individuals to buy and build to their own design. We do not want a stereotyped development. An architect is being appointed to act as a design coordinator, and all the designs will have to be approved by him. We do not want Queen Anne houses next to Windsor."

Purchasers must agree to build at a cost of not less than £25,000 on the small plots and £30,000 on the others.

## The rest of the news

- Coastal ecology: Research team to be reduced under reorganization
- Students: Mr. McGahey supports claim for higher grant
- Pensions: Civil servants' decision to continue ban will delay payment of increases
- Teachers: Failure to back all-out strike call
- Germany: Defiant Herr Brandt says 'brewers of poison' will be exposed
- Rome: Italian voters decide the fate of the divorce law
- Mozambique: Whites turn on Africans as junta general wools Frelimo
- Athens: Greek liberal accuses the regime of trying to kill him on 'inhuman' isle
- Moscow: Underground journal is circulated again by Russian dissidents
- Peking: Indian envoy walks out of banquet for President Bhutto
- Motor racing: Narrow win by Emerson Fittipaldi in Belgian Grand Prix
- Adoption: 'Advertising' the children nobody wants
- Books: Safeguarding the English village: Ray Gosling on two new studies
- Chess: Has superstar Fischer lost interest for good?
- David Wood: Making MPs' interests more respectable
- Exports: £200m worth of goods held up by lack of shipping
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## HOME NEWS

## Coastal ecology team to be reduced under new research policy

By Pearce Wright  
Science Correspondent

Nearly half of the scientific staff of a special research unit created to investigate the natural and man-made changes to estuaries and the coastline are having to seek new jobs.

They are working on projects investigating the effects of big developments such as the use of the Wash for water storage, Mapplethorpe airport and the positioning of oil or transport terminals along the coast.

They form two research teams of 14 people at the Coastal Ecology Research Station, Norwich, which is part of the Institute for Terrestrial Ecology.

It is almost certain that the expertise developed by those teams will be needed for further studies, but their dis-

banding is an inevitable outcome of a reorganization of government research to incorporate the scaled Rothchild customer-contractor principle.

The problems of morale and interference with continuity of research will be raised in Norwich tomorrow with Dr Martin Hildgate, the new director of the Institute for Terrestrial Ecology. Until the end of April Dr Hildgate was director of the environmental science advisory unit at the Department of the Environment.

The research station is involved in a wide range of studies of what is happening to estuaries and cliffs and beaches. Much attention has been given to the soft coastline of tidal flats, salt marshes and sand dunes which are especially vulnerable to human disturbance from reclamation and pollution.

## Ulster sectarian murders excusable, Mr Craig says

From Denis Taylor  
Dublin

Mr William Craig, leader of the Vanguard Unionist Party in Northern Ireland, yesterday described the spate of sectarian murders there as "understandable" and "excusable". He was being interviewed on Radio Telefís Éireann, the Irish Republic's radio service.

He told the interviewer that if Ulster's Roman Catholic minority were going to confront the state, they would have to meet the state head-on.

Mr Craig said that people who were going to live in a state must abide by the allegiance of the majority, and the state must conduct its affairs in such a way as to maintain that discipline.

Stavanger, Norway, May 12.—A second round of hearings into allegations by the Irish Government that British forces tortured and ill-treated detainees in Northern Ireland will be held at the Solihull airport near Birmingham from June 10 to 16, informed sources said today. The first round of hearings ended yesterday.—Reuter.

## NUM leader urges union action on education

By a Staff Reporter

Mr Michael McGahey, vice-president of the National Union of Mineworkers, yesterday called on the Labour and trade union movements to take up the "question of democratization" of British education facilities.

Mr McGahey was speaking at a rally in Trafalgar Square after a march by 3,000 students in support of claims for higher grants and to protest against alleged victimization of student militants.

He said: "I take the view your claim for this increase in grants and to end discrimination is legitimately the claim of the Labour movement."

Mr Jobo Randall, president of the National Union of Students, told the rally that the Government was expected to announce today an increased grant of £615. That was £10 short of their demands and was not enough, he said.

Downing Street was cordoned off during the march, and police kept a close watch but there was no trouble.

Mrs Audrey Wise, Labour MP for Coventry, South-West, urged the students to keep pressing for the full claim of £655. There was "plenty of money available in our rich country" to pay the grant.

Mr Randall said: "One crucial issue on which there have been no leaks is that of discretionary awards. What are we to assume from this silence? I trust that it is not that the Labour Government have forgotten the matter."

right-wing Monday Club, yesterday accused the police of "negligence" for failing to prevent the attack by left-wing students on a meeting he was addressing in Oxford on Friday.

Mr John Biggs-Davison, chairman of the Monday Club and Conservative MP for Epping Forest, is to urge Mr Samuel Silkin, QC, the Attorney General, today to investigate the National Union of Students' involvement in the

meeting. Mr Sorel said he had to run from the hall and scale a six-foot wall to escape from about 30 students protesting at his speech.

A senior police officer at Oxford said the arrangements had been made on Friday to maintain law and order outside the building. However in Oxford, like other towns, there were many demands on police attention on a Friday night.

I would have been failing in my duty if I had not caused attention to be given to these other matters. We have to look after the whole of the community. We gave this meeting close attention for some time but nothing happened. Then other calls were received that demanded the attention of the police concerned."

Two students were arrested and are on bail facing charges of criminal damage.

Students marching through London yesterday to their rally in Trafalgar Square.

Legislation demands that reputable landlords bring their properties up to date. We are being piloted for doing what most landlords are not doing.

"We see the continued reputation of Arlington House as the number one block in the world. We have always talked about it as the flagship of the fleet. The mode of living has changed. We have to cater for modern trends, and this is for the next 20 years."

"The contractors have, I am sure, kept the disturbance to an absolute minimum but one has to have regard to the work that is being done."

Mr Lucas said the increase had been mentioned to him verbally by a representative of the company after he requested it.

"We do not quote rents two years hence but she merely gave me a figure at which similar flats have been let," Mr Lucas said. "It is an anticipatory figure."

Tenants whose leases came up for renewal, he added, paid 10 per cent less than Regional Properties considered they would get from new tenants.

Mr Lucas said the increase in rent on the two advertised flats, together with increases present tenants would have to face as leases came up for renewal, were justifiable.

"It depends how long ago the previous rent had been fixed. For example, when Mr Aron renewed his lease three years ago, it was being renewed after a rent had been fixed seven years earlier."

Mr Conrad said: "Do not look at the amount of the increase. It is a fair rent prevailing at that time. Percentage-wise it is a high increase, but it is school-bus economics of supply and demand. I would be much happier if there were a freer market."

About 20 residents were on a quarterly tenancy. Tenants had been told leases would be renewed when the work was completed.

The company apologized for the delay in completing the work. Mr Conrad added: "Sure, I said December, 1973, but I do not have to tell you what the building industry has been like for the past few months."

to me: "Everybody is almost out of their minds. It is the most horrible situation I have ever seen, living here." The couple leased the flat three years ago and spent six months decorating it.

Mrs Boyer said: "We have given Regional Properties a deadline to get us out of this mess. We have cracks in every room and my solicitor says he has never seen anything so bad. We have been flooded seven times."

The couple pay £250 a year rent for the flat, which has a rateable value of £2,722. When the lease expires they will return to the United States.

In his letter to Mrs Aron, Mr Lucas said the company had sought to ensure that Arlington House would reflect credit on its owners and pride for its residents.

He said: "Although it is to be regretted, it is a fact that most things have a limited life. Arlington House was built almost 40 years ago, by which time most of the main services have worn out their useful life. All our efforts and expense have been directed to ensure that the reputation of this well-known luxury block is not only maintained but that its standard is brought up to modern requirements."

Mr Neville Conrad, chief executive of Regional Properties, said: "Sure, we are maximizing the capital value of our asset, but what is wrong with that? To put it another way, we are ensuring that the value of our asset does not decrease."

About £500,000 will have been spent on the building by the expected completion date of July, excluding the cost of refurbishing individual flats, the change course of prices between £2,500 and £5,000 each.

Mr Lucas told me: "In exactly the same way as human beings wear out, so do services."

## Lawyer resigns over attack on law centres

From Our Legal Correspondent  
Bath

Criticism of neighbourhood law centres by the chairman of the British Legal Association, which represents 3,000 solicitors, has resulted in the resignation of a member of the association's national executive.

Mr Jeffrey Gordon, the chairman, told the association's annual conference at Bath on Friday: "The Lord Chancellor advocates the proliferation of law centres. I regard them as the enemy of the profession."

On Saturday Mr Ivan Giffen, a Welsh solicitor and a member of the national executive committee, tried to put forward an emergency resolution dissociating the association from Mr Gordon's remarks and regretting his expression of a personal opinion when he must have known that he was likely to be regarded as expressing the policy of the association.

The delegates voted against allowing debate on the resolution by a narrow majority, and Mr Gordon then announced his resignation from the executive.

## Boy of 14 killed in Dover landslide

From Our Correspondent  
Harrogate

A boy aged about 14 was killed yesterday when part of the face of a cliff at Fan Bay, near Dover, collapsed. Hundreds of people were standing on the cliff top at the time and a search was carried out to see if any had been lost in the landslide.

## Town's bus fares up

Bus fares in Northampton will go up by 1p today. The cost of running the service during the coming year is estimated at nearly £900,000.

## Majority back tax on assets over £75,000

Continued from page 1

Labour supporters and those in the lower-income groups—the very young, pensioners and working-class voters.

In contrast, there has been little change in the public attitude to a gift tax: 47 per cent say they would favour a gift tax "to be paid when people make

gifts to reduce the death duty they would otherwise pay". The vast majority believe it would be a bad idea. There was a similar division of opinion about a tax in August, 1969.

Q. I am going to read out some ideas, and I would like you to say for each of them whether you think it is a good idea or bad idea.

	All	18-34	35-44	45-54	55-64	65+	AB	C1	C2	C3	DE	Con	Lab
1. A woman who is paid by her husband to work for him should pay tax on her earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
2. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
3. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
4. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
5. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
6. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
7. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
8. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
9. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73
10. A man who is paid by his wife to work for her should pay tax on his earnings.	73	73	73	73	73	73	73	73	73	73	73	73	73

The survey was based on a representative quota sample of 1,097 electors, interviewed throughout Great Britain between April 30 and May 5, 1974.

The even balance of opinion about a gift tax is probably related to a clash between two quite separate lines of thought: an emphasis on the rights of voters of any obstruction of the rights of inheritance; and a strong feeling (held by 72 per cent) that there are "too many tax loopholes which enable the better-off and higher-income to 'avoid' paying their fair share of taxes."

The latter view undoubtedly plays an equally important part in determining attitudes to a wealth tax.

While most voters express support for the principle of a wealth tax, there is an equally strong conviction at present, these differences are inequitably large.

Dissatisfaction on this score probably outweighs reservations about the likely benefit either to the poor and low paid or to the Exchequer, selectively heavier taxation those with higher incomes substantial capital assets.

It is also likely that this view of dissatisfaction contributes much to the popularity of government measures to "share" the country's wealth more evenly by taxing the higher- and better-off much more heavily.

Q. I am going to read out some statements. Please tell me, for each one, whether you agree or disagree.

	All	18-34	35-44	45-54	55-64	65+	AB	C1	C2	C3	DE	Con	Lab
1. People should not be allowed to own wealth beyond their needs.	73	73	73	73	73	73	73	73	73	73	73	73	73
2. There are too many loopholes in the tax system which enable the better-off and higher-income to 'avoid' paying their fair share of taxes.	73	73	73	73	73	73	73	73	73	73	73	73	73
3. Much heavier taxation of the better-off and higher-income would be a good idea.	73	73	73	73	73	73	73	73	73	73	73	73	73
4. Differences in pay are necessary to work hard.	73	73	73	73	73	73	73	73	73	73	73	73	73
5. The Government should share out the country's wealth more evenly by taxing the higher- and better-off much more heavily.	73	73	73	73	73	73	73	73	73	73	73	73	73
6. The people are paid too much money and are not working hard enough.	73	73	73	73	73	73	73	73	73	73	73	73	73
7. Much heavier taxation of the better-off and higher-income would be a good idea.	73	73	73	73	73	73	73	73	73	73	73	73	73
8. The people are paid too much money and are not working hard enough.	73	73	73	73	73	73	73	73	73	73	73	73	73
9. Much heavier taxation of the better-off and higher-income would be a good idea.	73	73	73	73	73	73	73	73	73	73	73	73	73
10. The people are paid too much money and are not working hard enough.	73	73	73	73	73	73	73	73	73	73	73	73	73

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Union calls on TUC to fight immigration Act

From Our Correspondent  
Harrogate

The TUC is to be pressed to set up a race relations department and to oppose the Immigration Act as part of a "determined campaign" against racial discrimination.

The 300,000-strong Association of Scientific, Technical and Managerial Staffs decided to call for the campaign after what was claimed to be the first "significant" debate on racial discrimination by a large union.

The claim was made by Mr D. Groves, of Birmingham, who told 850 delegates to the association's conference in Harrogate: "It is disgraceful that we had to wait until 1974 this."

Until the trade union movement realized the situation, it was prepared to do something about it, "race discrimination will persist and we shall not have a multiracial society".

In an address to the association's conference, Mrs Mel Read, a bus secretary at Beeston, North Hampshire, said: "There is racial prejudice that is a prejudice in this union."

Weather forecast and recordings

NOON TODAY Pressure is shown in millibars. Fronts Warm Cold Occluded. Symbols are as accompanying legend.

Today  
Sun rises: 5.13 am. Sun sets: 8.42 pm.  
Moon rises: 1.31 am. Moon sets: 11.20 am.

Channel Islands, SW England, Wales: Showery with sunny intervals; wind SW, moderate or fresh; max temp 13°C (55°F).

NW England, Lake District, Isle of Man, SW Scotland, Glasgow, Argyll, Northern Ireland: Sunny spells, showers developing; wind S, veering SW, moderate or fresh; max temp 15°C (59°F).

Borders, Edinburgh, E Scotland: Sunny spells, perhaps a few showers later; wind S, moderate; max temp 15°C (59°F).

Outlook for tomorrow and Wednesday: Changeable, with sunny periods and occasional showers at first, probably more general rain later, temp about normal.

Sea passages: S North Sea, Strait of Dover: Wind SE, veering SW, fresh to strong; sea moderate.

St George's Channel, Irish Sea: Wind S, fresh or strong; sea moderate or rough.

Saturday  
London: Temp: max 7 am to 7 pm, 14°C (57°F); min 7 pm to 7 am, 10°C (50°F).

WEATHER REPORTS YESTERDAY  
MIDDAY: c, cloud; d, drizzle; f, fair; r, rain; s, sun.

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## Tenants of luxury flats say complaints have been ignored

Continued from page 1

harassment of tenants and the bad state of repair of some rented properties.

In a speech at the annual dinner of the West London Law Society on November 21, Mr Lucas said: "My association would welcome your profession refusing to be a party to the many activities, within the law, which your professional instinct rejects."

"It is because the property industry does not exist to inflict misery upon its fellow man that my association has determined policy to exclude the undesirable landlord and to eliminate his undesirable activities."

Tenants claim that repeated complaints about noise, a spate of burglaries in recent months, and damage to their flats through heavy reconstruction work in the block have been largely ignored.

In July last year Regional Properties promised a 10 per cent rebate on rent while modernization work in public areas was in progress. But they said this would not be paid until the work was finished and they told tenants: "...to avoid unnecessary computer problems you are especially requested not to make any deductions from your normal rental payments."

Regional Properties have also told tenants, many of whom are elderly, that damage to their flats, including cracked walls and ceilings has been caused by London Transport on the new Fleet line. This has been denied by London Transport and by an independent surveyor called in by Mr Eric Aron, a resident of Arlington House.

Mr Aron, who is forming a tenants' association, has been told that when his lease comes up for renewal his rent will be increased from £3,750 a year to £8,000. The rateable value of his flat is £2,450.

This, and the misery of the repair work, is threatening to drive him out together with other tenants, many of whom are frightened to go out because of the lack of security, and say they are suffering from nervous tension.

Regional Properties told them to channel their complaints through the house manager, but the house telephone has not worked for some time.

One of the main aims of the tenants' association is security of tenure. Though the present rent freeze prevents raising rents this year, many residents have no security of tenure because the rateable value of their flat is over the £1,500 ceiling beyond which the Rent Act does not apply, and the landlords can refuse to renew a lease.

A large refund on rent because of the inconvenience at the block is another demand of the tenants' association, which is also calling for a reduction in rateable values and better security, and aiming to restrain the landlords from carrying out reconstruction work and from raising rents to unreasonable levels.

In reply to a letter from Mrs June Aron in January, Mr Lucas wrote: "It would seem from your letter that you are considering leaving Arlington House. I would be sorry if this was your decision but rather than you remain unhappy I would consider, if you so wished, recommending that you accept a surrender of your existing lease."

Arlington House, built in 1934, containing 120 flats, was bought for an undisclosed sum in 1955 by Regional Properties. In recent years an increasing number of flats have been taken over by major companies as they were vacated by private tenants, and Mrs Aron says that in many cases only companies will be able to afford the rents in the future.

Mrs Aron added: "This is not home. We are paying first class rents for third class property."

An elderly woman told me: "It has been under hell, and they have been very unpleasant. If we were in a council house they would have to let us live in these conditions. I cannot sleep and it has got me into such a state of nerves that I am afraid to go out. If the



The front entrance of Arlington House

root goes up I shall have to leave."

When his lease expired two years ago, a retired civil engineer, aged 74, could not get it renewed and he has had to continue in occupation at three months' notice. "The noise has been devastating," he said. His transistor radio was stolen from his flat about six weeks ago.

The only person I found who did not complain about the noise and disruption was the widow of Mr Samuel King, former managing director of Regional Properties, and mother of Mr Peter King, now on the board of the company.

Mrs King told me: "I have no complaints. If they are doing building work one has to stand noise. People can move out into apartments until this is finished. They have the choice of moving, don't they?"

Mrs Marjorie Boyer, wife of Mr Charles M. Boyer, vice-president of Esso Middle East,

told me: "Everybody is almost out of their minds. It is the most horrible situation I have ever seen, living here." The couple leased the flat three years ago and spent six months decorating it.

Mrs Boyer said: "We have given Regional Properties a deadline to get us out of this mess. We have cracks in every room and my solicitor says he has never seen anything so bad. We have been flooded seven times."

The couple pay £250 a year rent for the flat, which has a rateable value of £2,722. When the lease expires they will return to the United States.

In his letter to Mrs Aron, Mr Lucas said the company had sought to ensure that Arlington House would reflect credit on its owners and pride for its residents.



## HOME NEWS

## Pensioners' pay rise will be held up by decision of civil servants to continue work ban

Paul Routledge, Education Correspondent

Increases in pensioners' pay on July 22 will be delayed because of the decision of civil servants responsible for implementing the new rates to continue a ban on work on the upping of the pensioners' pay.

Delegates representing 40,000 of the Department of Health and Social Security met overwhelmingly here yesterday in favour of keeping their two-week-old industrial action, and authorized leaders of the union, the Civil and Public Services Association, to seek a government offer, of £100,000.

The association is to press Mr. Secretary of State for Social Services, for a cash bonus of about £50 for the extra work involved in meeting the Government's schedule for introducing new pensioners and related supplementary benefits.

Mrs. Castle has told the union it cannot make a cash offer because of the Phase Three restraint. She proposed a

holiday bonus, which would give an extra day's annual leave for each 30 hours of overtime worked on the uprating, up to a maximum of three days.

The Minister said there was a "real possibility" of serious repercussions if the association's demand was granted. The Government's holiday package could be paid under the 1 per cent flexibility allowance provided by Phase Three, but the union's claim would cost £3,250,000 and could not be met within the pay limits.

At the Department of Health and Social Security section conference, only a handful of delegates voted against continuing the ban. The union stopped work on the exercise in London and provincial offices of the department, including the head office at Newcastle, on May 9.

Leaders of the association say it is too late to complete the necessary work for eight million pensioners to get the new rates of £10 for single men and women and £16 for married couples on the promised date.

Mr. Kenneth Thomas, assistant

general secretary of the association, said: "Every government produces new social security legislation. Every year pensions have to be increased. Our members have coped with this with inadequate staff, but this time the Government announced a timetable for improving old-age pensions which gave them popularity, without consulting the people who have to do the work to put their proposals into effect."

"We are prepared to enter into a contract to fulfil the promise the minister has made, but we want some gesture of good will from her. We would welcome twice a year increases for pensioners, if they will give us the staff to make this possible. Our members are fed up with working excessive overtime."

The decision of the department's staff is regarded as an internal matter for this particular militant part of the union, the issue of the civil servants' strike was not raised again this week at the full conference of the Civil and Public Services Association.

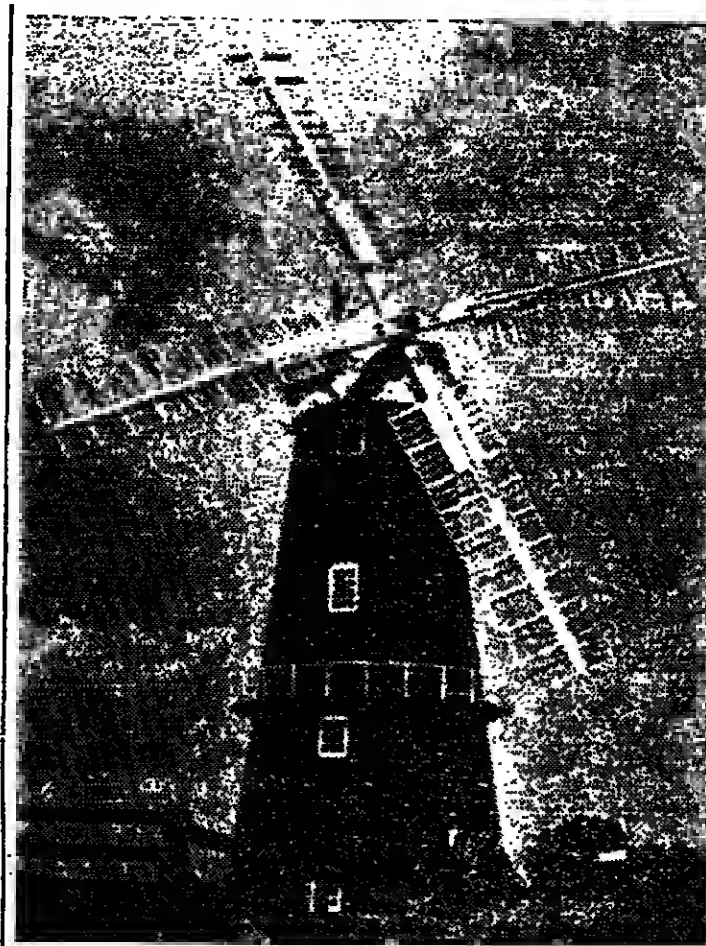
## Minister calls for 'fostering appeals'

By Our Social Services Correspondent

The law had to come to grips with the fact of long-term fostering, Dr. Owen, Under-Secretary of State for Health, told a meeting of foster parents in London on Saturday.

A relationship that had evolved over a long period between a foster-parent and a child could not be disrupted lightly. "There must be in these situations some form of appeal machinery in the interests of the child," he said.

The minister was speaking at the inaugural meeting of the National Foster Care Association, which was attended by nearly 400 foster-parents, including representatives of 30 of the 36 local foster-parent associations. He said the formation of the association was important for providing foster-parents with a national voice and for providing the Government with an authoritative source of information.



The restored Berney Arms Drainage Mill, near Great Yarmouth, which is now a windmill museum. It is more than 70ft high, and was visited by 32,440 people last year.

## Teachers fail to back all-out strike call

By Tim Devlin, Education Correspondent

Nearly half the London members of the National Union of Teachers voted for mass walk-outs from schools in a referendum, the results of which became known at the weekend. But none of the 40 or so Greater London areas had the necessary two-thirds majority in favour of such action.

The union is keeping secret the details of the ballot, but more than three quarters of their 37,000 members in Greater London voted. One executive member said yesterday that about 18,000 were in favour of strikes of up to two weeks and of these about 16,000 also voted for longer strikes.

This was not as many as the union's executive had expected. Union rules require a two-thirds majority of membership in an area or school, to endorse a strike before one can be called. Union officials will be looking today at the hundreds of schools, primary and secondary, where at least two thirds of their membership voted for strikes of up to two weeks and more.

The results have yet to be analysed school by school. It is why the executive could take

no decision at its meeting on Saturday. Its action committee will meet within two weeks to decide whether to hold selective strikes at some schools. The union has a strike fund of more than £3m.

Mr. Edward Britton, general secretary of the union, will ask today for a meeting with Mr. Prentice, Secretary of State for Education and Science, to try to obtain some indication of how much the increase in the London allowance is likely to be. The teachers want the allowance to be increased from £118 to £130.

Mr. Britton said: "We have not yet made any decision. Reports that we have decided against massive walkouts are untrue. We are awaiting a more detailed analysis of the voting."

Mr. Dick Norris, a left-wing member of the union's executive, said: "I know there are many schools where there is a sufficient majority for indefinite strikes and I would hope the executive will take advantage of this."

Mr. Max Morris, former president of the union, said: "We would expect that Mr. Prentice would show good will and realize that the case of the London teachers is desperate. It is his responsibility now to get us out of this situation."

## Hint by Lord Denning on return to hanging

By Our Correspondent

Lord Denning, Master of the Rolls, told magistrates on Saturday that he wondered if the time was right to reintroduce capital punishment.

He told the inaugural luncheon of the Monmouthshire branch of Magistrates' Association, at Monmouth, that he had originally been in favour of capital punishment but in the course of a year he had changed his mind. He said he had changed his mind because he had seen the results of capital punishment in the House of Lords.

At the present time, with nappers and hijackers, Lord Denning said, it is not clear whether the time is right to consider the question of the reintroduction of capital punishment, he said.

## Government aid urged for illiterate adults

By Tim Devlin, Education Correspondent

The Government is to be asked to set up a fund and award grants to help illiterate adults in Britain with a reading age of less than nine.

A national council to direct and coordinate research into the causes of adult illiteracy is proposed in a Bill to be introduced under the 10-minute rule on May 21 by Mr. Christopher Price, Labour MP for Lewisham, West.

Under the Bill the Government would set up a fund which would make grants to authorities fostering schemes for teaching adults to read, write and spell.

The Bill will initiate a national "right to read" campaign in Britain along the lines of a similar "movement" in the United States, where an estimated 19 million adults, about 12 per cent of the population, are illiterate.

The British Association of Settlements, the umbrella organization for 25 community settlements throughout the country, is leading the drive to coordinate what it describes as the "chaotic state" of attempts by voluntary bodies and local authorities at adult literacy schemes.

One of the most successful efforts is that of the Liverpool

University Settlement, which is teaching about 250 adults to read out of an estimated 15,500 people in the city over the age of 15.

Mr. James Dudley, aged 33, a fitter's mate, who attended lessons at the settlement, had a spelling age of seven last September. He has now mastered spelling and is good enough to be considered as a tutor for the scheme. He has written to the Prime Minister asking him to save the settlement, which is running out of funds.

Another pupil, Mrs. Pat Loeas, a housewife with three children, the eldest aged 18, said that because of illness and the last war she did not begin school until she was seven, and she had continuous education only from 12 to 14. Five years ago she learnt that there were words in the alphabet.

Mr. Geoffrey Clark, development officer for the association of settlements, said the demand from adults was so great that the association could no longer cope with limited funds of about £4,000 a year to stamp out illiteracy.

He said a recent afternoon television programme on the subject had caused at least 1,600 adults in London alone to telephone the studios asking for help.

Properly used, fostering was marvellously flexible. It could be used to provide temporary homes for children when their mother was ill or having another baby. It could meet the needs of physically or mentally handicapped children or those with severe emotional disturbance.

But more had to be done to recruit foster-parents. Their numbers had remained static at about 25,000 for some years.

He pointed out that fostering would be an important part of forthcoming government legislation. "The mere words of legislation are relatively unimportant; the essential thing is to affect attitudes," he said. "We should have a living law that could be changed at a moment's notice, not a law that imposes attitudes, but (one that) allows them to develop."

But attitudes depended on information. In a clear reference to the Maria Colwell case, he said there should be no fear of criticism and reports should be published, although there was a danger of opinion being misinformed by daily reports from public inquiries.

The foster-parents at the meeting made clear that their main aims were to improve the quality of child care by improving the status of foster-parents and to ensure that priority is given to local authorities; the latter was a danger of opinion being misinformed by daily reports from public inquiries.

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## 10,000 members of Royal Observer Corps monitor a theoretical nuclear bomb onslaught in bunkers 50ft beneath the surface

By Stewart Tindler

More than 10,000 members of the Royal Observer Corps sat in their whitewashed bunkers yesterday monitoring a theoretical nuclear attack.

Under 50ft of earth and concrete, 872 monitoring posts waited for data on imaginary bombs and computed details of blast, direction and radioactivity. The calculations were telephoned to group controls, then to five sector controls covering the country.

The Corps was taking part in one of its four exercises of the year, testing its capabilities as part of the United Kingdom Warning and Monitoring Organization.

In a bunker at Horsham, Sussex, a staff of 70 controlling a combined sector and group charted the course of events over the whole of London and much of the South-east. Little red and green mushrooms appeared on the Perspex maps, and plumes of radioactivity drifted southwards. By 3 pm 35 "bombs" had fallen throughout the country.

The sector and the other four in the network each had a

national picture as well as a local one, as monitoring posts passed the message of a "toxin" the first indication of a bomb.

In a real war the Corps, in its RAF blue uniforms, would provide data to assess an attack, the dangers of radioactivity and meteorological reports. Each post is equipped with a form of Geiger counter, a camera to prove the direction of the bomb and a machine to measure blast pressure.

Beneath this equipment, the part-time members would wait with a week's supply of food and water in their shelter, lit by a six-watt bulb.

They would be doing their duty for an annual £5 bounty. Their information would be added to a highly developed system of subterranean emergency government.

The first moves towards this situation would come at a time of deteriorating international relations, which might provide a warning period of three weeks. At some stage the Prime Minister of the day would have to make the decision to mobilize. He would send the ROC to their

shelters, and the task of educating the public to the imminent dangers would begin.

As part of a revamping process for Civil Defence, plans are being discussed to stockpile television and radio programmes with advice on the means of survival.

There are unlikely to be any shelters for the population, as the cost would run to hundreds of millions of pounds. However, buildings can give protection, and a survey may be made in the next few years to see what could be useful.

A Civil Defence pamphlet, *Advising the Householder on Protection against Nuclear Attack*, published in 1963, is now a rarity. But it may be rewritten for the 1970s and stored.

Before hostilities began the Cabinet would be split up. Some ministers would go into the country to control 17 sub-regions. The rest of the Government would be hidden away with advisers. Whitehall suggests in the countryside, but other sources propose somewhere deep below London. Afterwards the ministers would take control of 10 regional governments,

choosing the best possible places.

Meanwhile the warning side of the monitoring organization would have established its cell in Strike Command Operations Centre under a Home Office warning officer.

On the instructions of the commander-in-chief, who would be in touch with the Nato warning system, he would raise a telephone and turn on 18,000 sirens as an attack appeared on the radar screens.

Over eight years, at a cost of some £20m, the Post Office has set up a secure communications system using a high frequency telephone system known as carrier waves.

The telephone at Strike Command is connected with 252 carrier wave control points, which are major police stations. The message would be "Attack Warning Red". Seven thousand automatic sirens, theoretically reaching 72 per cent of Britain's population, and another 11,000 hand sirens would start to howl. Each siren would start to howl. Each siren would start to howl. Each siren would start to howl.

Lord Denning said he felt that it would not be right for individual to insist on trial by jury; he should apply to the magistrates for a decision on whether the case was proper to be tried by them or by jury. He said there could be an appeal against their decision to reject a jury.

"It would be a revolutionary step but one which might be made," he said. Legal aid is one of the biggest revolutions in the legal system, Lord Denning said. It imposed a responsibility on counsel to advise, not only on the merits, but also to the state, to ensure that the money was spent where it was most needed.

University Grants Committee has requested outline plans which would double the number of students at East Anglia to 6,500 by 1982. Short-term economic forecasts, such as the recent ex-forecast, Dr. Thistlethwaite said, had been absorbed at East Anglia as easily as a sponge. He said that the growth made heavy

probation officers to campaign for legal aid on councils to shelter homeless

From Peter Evans, Home Affairs Correspondent, Weymouth

The National Association of Probation Officers decided yesterday at its annual conference here to campaign for a legal aid on local authorities to provide for the growing numbers of homeless. Members criticized a change in the Local Government Act, 1972, which on April 1, Mr. Owen Wells, of Middlesex, said, had removed a legal right to shelter that the homeless had had for the past 140 years.

Mr. Wells said that the Act made the housing of the homeless a matter of discretion instead of a statutory liability. The change was made without any debate in Parliament or out of it.

Conditions in the workhouse might well have been abominable, he said, but at least the law of 1834 provided that no family had to sleep on the streets at night, a situation that did not exist in 1974.

Mr. N. Turner, of London, said that applications for temporary accommodation in London rose from just over 6,000 families in 1966 to nearly 12,000 in 1972, while admissions rose only from 2,000 to nearly 2,500.

then those for which we could reasonably have hoped." The two scales, for main care officers, are opposed because they are thought to divide unfairly officers doing basically similar jobs.

Misgivings remain about the expected proposals of the Advisory Council on the Penal System, a new measure for young adult offenders. An emergency resolution, lost by three votes, urged that the association should not accept changes unless backed by a general meeting. The feeling of the conference was, however, that response to the report could be left to the association's leadership.

Speaking of the expected proposals, Lord Hamilton of Dalzell, the association's retiring president, said he had no doubt that many magistrates and judges would welcome replacement of hostel and detention centres with a single system of care.

Lord Hamilton, who is chairman of the Lord Chancellor's Advisory Committee on Legal Aid, the Guildford bench and the Surrey Probation and After Care Committee, has retired after 10 years.

Lord Hunt, former chairman of the Parole Board, has succeeded him.

Councils 'neglect children who are handicapped'

By Our Social Services Correspondent

Local authorities were accused yesterday of neglecting handicapped children by putting them into hospitals instead of providing the essential services that would allow them to stay in the community.

The National Society for Autistic Children said councils were letting themselves off the hook financially to placate ratepayers.

Training centres, special day nurseries, special education, home helps, hostel care, speech therapy and so on are not services which the majority of ratepayers need," the society said in a report.

Many children were ending in hospitals paid for by the Exchequer instead of being helped to stay at home with their parents. Yet most patients in subnormality hospitals did not need full-time medical care.

The report is based on a follow-up survey of 50 adolescents with psychiatric difficulties. It found that 21 of the children were in hospital, three more than in the first survey, three years ago, and that the future of the rest was no more assured. The only hope of one mother was that she would outlive her child.

The report recommends that local authorities should be made to have a major part of the cost of keeping patients in long-term hospital care to give an incentive in providing adequate services.

Three Last Years (National Society for Autistic Children, 15, Golders Green Road, London, NW11, 15p).

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Regional report

Ronald Faux, Edinburgh

When the committee considered how deeply Christians should become engaged in politics, it endorsed the idea that greater involvement in the day to day work of political parties was essential. If committed Christians remained outside the active political scene, the church would lose the chance of taking a constructive part in a vital area where decisions are made, it said.

The committee pronounced on various issues, from poverty and prison reform to the "scandal" of Highland property speculation and the need for devolution in Scotland.

"Life has become extremely complex both internationally and within Scotland," the Rev. W. B. Johnston, the committee's convenor, says. It is important that the church should be able to present a constructive view of these issues.

"Where politics are concerned we have ever felt it our duty to support one party more than another, but on specific issues we shall be as

critical as we feel it is necessary to be."

The challenge of oil has eclipsed Sunday football, penal reform or religious broadcasting as an issue of overwhelming importance to Scotland and possibly the ministry of the church.

The first of the committee's reports, *Scotland in Turmoil*, is among the soundest of assessments of the implications of oil, and there is considerable surprise that such a report should come from a church committee.

"We have happened to have the right kind of expertise to produce it," Mr. Johnston said. There was Mr. John Francis, a technologist employed by the church to work on the relationship of religion and technology, and the Rev. Norman Swan, formerly an oil company executive.

Earlier this year the two men produced a second report, called *Scotland's Pipe Dream*, after investigating the effects of the oil industry on Peterhead. They concluded, as Christians, that choices had to be made.

Would there be greed without limit in a limited environment, or concern for the less fortunate and for future generations? Would there be consumer luxuries at the expense of the individual, or the growth of a more real community sense?

Those questions, they added, were vital for the future of Scotland and it was right that the nation's church should be asking them and presenting independent evidence.

Probation officers to campaign for legal aid on councils to shelter homeless

From Peter Evans, Home Affairs Correspondent, Weymouth

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than those for which we could reasonably have hoped." The two scales, for main care officers, are opposed because they are thought to divide unfairly officers doing basically similar jobs.

Misgivings remain about the expected proposals of the Advisory Council on the Penal System, a new measure for young adult offenders. An emergency resolution, lost by three votes, urged that the association should not accept changes unless backed by a general meeting. The feeling of the conference was, however, that response to the report could be left to the association's leadership.

Speaking of the expected proposals, Lord Hamilton of Dalzell, the association's retiring president, said he had no doubt that many magistrates and judges would welcome replacement of hostel and detention centres with a single system of care.

Lord Hamilton, who is chairman of the Lord Chancellor's Advisory Committee on Legal Aid, the Guildford bench and the Surrey Probation and After Care Committee, has retired after 10 years.

Lord Hunt, former chairman of the Parole Board, has succeeded him.

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## irk 'think tank' keeps a reverent eye on the change that oil could bring

When the Church of Scotland's young men on worldly affairs it is so in a remarkably well timed way. To many a young man, the Church of Scotland is the brink of great oil wealth, revolutionary change, and church is healthily sceptical in the prospect of untold riches which has helped to relieve, perhaps for the wrong reasons, interest in nationalism.

Far from making dogmatic statements about the wrath of a through greedy pursuit of detecting the foundations of some Highland Gomorrah, church has published some expertly researched report setting out the social and economic questions involved. There was wrath to come, would give the reason, in its terms, and Christians achieve this close contact the practical side of life, church has a "kind of reverent think tank", which considers problems of Scotland and world, and works out the priorities for tackling it. It is the Church and its Committee which was set after the First World War when the air was thick with awkward moral questions. It has been maintained ever since to keep the church in touch with worldly realities.

The committee will be reported this month to the general Assembly, advising on vital issues to Scotland, how politically tender they may

When the committee considered how deeply Christians should become engaged in politics, it endorsed the idea that greater involvement in the day to day work of political parties was essential. If committed Christians remained outside the active political scene, the church would lose the chance of taking a constructive part in a vital area where decisions are made, it said.

The committee pronounced on various issues, from poverty and prison reform to the "scandal" of Highland property speculation and the need for devolution in Scotland.

"Life has become extremely complex both internationally and within Scotland," the Rev. W. B. Johnston, the committee's convenor, says. It is important that the church should be able to present a constructive view of these issues.

"Where politics are concerned we have ever felt it our duty to support one party more than another, but on specific issues we shall be as

critical as we feel it is necessary to be."

The challenge of oil has eclipsed Sunday football, penal reform or religious broadcasting as an issue of overwhelming importance to Scotland and possibly the ministry of the church.

The first of the committee's reports, *Scotland in Turmoil*, is among the soundest of assessments of the implications of oil, and there is considerable surprise that such a report should come from a church committee.

"We have happened to have the right kind of expertise to produce it," Mr. Johnston said. There was Mr. John Francis, a technologist employed by the church to work on the relationship of religion and technology, and the Rev. Norman Swan, formerly an oil company executive.

Earlier this year the two men produced a second report, called *Scotland's Pipe Dream*, after investigating the effects of the oil industry on Peterhead. They concluded, as Christians, that choices had to be made.

Would there be greed without limit in a limited environment, or concern for the less fortunate and for future generations? Would there be consumer luxuries at the expense of the individual, or the growth of a more real community sense?

Those questions, they added, were vital for the future of Scotland and it was right that the nation's church should be asking them and presenting independent evidence.

## Councils 'neglect children who are handicapped'

By Our Social Services Correspondent

Local authorities were accused yesterday of neglecting handicapped children by putting them into hospitals instead of providing the essential services that would allow them to stay in the community.

The National Society for Autistic Children said councils were letting themselves off the hook financially to placate ratepayers.

Training centres, special day nurseries, special education, home helps, hostel care, speech therapy and so on are not services which the majority of ratepayers need," the society said in a report.

Many children were ending in hospitals paid for by the Exchequer instead of being helped to stay at home with their parents. Yet most patients in subnormality hospitals did not need full-time medical care.

The report is based on a follow-up survey of 50 adolescents with psychiatric difficulties. It found that 21 of the children were in hospital, three more than in the first survey, three years ago, and that the future of the rest was no more assured. The only hope of one mother was that she would outlive her child.

The report recommends that local authorities should be made to have a major part of the cost of keeping patients in long-term hospital care to give an incentive in providing adequate services.

Three Last Years (National Society for Autistic Children, 15, Golders Green Road, London, NW11, 15p).

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# Take the straight way

## SAS

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Please contact your local IATA Travel Agent or SAS offices in London - 01-734 4020, Bristol - 0272-292139, Birmingham - 021-643 4778/9, Leeds - 0532-47766, Manchester - 061-832 8431, Newcastle - 0632-22171, Glasgow - 041-248 5832, Dublin - 43346/7.







## OVERSEAS

## Greek Liberal leader accuses regime of trying to kill him by jailing him on 'inhuman' isle

From Our Correspondent

Athens, May 12

Mr George Mavros, the imprisoned Liberal leader, has accused the Greek regime of trying to kill him by sending him to the prison island of Vios, where, he claims, his life is in danger because of unsanitary and inhuman conditions. Harrowing descriptions of life on Vios, an ancient Roman island, who spoke of a barren, swampy island where he was fed on ironstone, were included in a 24-page appeal submitted by Mr Mavros to the Council of State, Greece's supreme administrative tribunal. The appeal sought to quash a decision to banish him to Vios for a year. Mr Mavros, 64, was arrested last year for his role in the 1973 coup. The Government's decision to banish him to Vios was a sign of disapproval of the coup.

## Arrests in Indian rail strike near 10,000

From Michael Hornsby

New Delhi, May 12

The Indian Government continued over the weekend its campaign of arrests of militant railway workers and trade unionists in an effort to break the five-day-old national railway strike which is threatening the country's industrial, commercial and power generation. The action committee representing the striking unions said that more than 15,000 arrests had been made so far. It demanded an end to what it described as "summary trials and harassment" of railway workers and their families. Striking railwaymen, the committee contended, were being evicted from their quarters and being cut off from supplies of water and electricity. It said that some railway workers had already been sentenced to terms of imprisonment. Government spokesmen refused to disclose the number of arrests made. However, an independent tally of reports from different parts of the country suggests that the arrests must be approaching the 10,000 mark. The Government has invoked wartime emergency regulations under which strikes on railways are illegal. Mr L. N. Mahindra, the Railways Minister, has threatened to bring railwaymen with dissenting views before the courts, saying that their jobs would be filled by promotions of "loyal workers".

## Academics launch UN university

By Peter Strafford

New York, May 12

The United Nations University has launched an idea that has been in discussion since 1969, by taking a firm step towards its realization. The newly appointed University Council, consisting of members from all over the world, will be holding its first meeting to plan its activities. The council consists of 24 members, including 12 from the United Nations Secretariat, and 12 from other organizations. The British representative is to be Professor Asa Briggs, Vice-Chancellor of the University of Sussex. When they meet tomorrow, they will be discussing how the university will be run. The university will be a single institution, concentrated in one place. It will have its centre in the Tokyo area, but it will also have a network of research and teaching institutions at postgraduate level, linked by common programmes of study. Some of these institutions will be existing universities and colleges, while others will be new. In research, the aim is to avoid duplicating what is already being done in other universities, and to promote the joint

## Indian walk-out at Bhutto banquet in Peking

From David Bonavia

Peking, May 12

President Bhutto of Pakistan angrily rebuked the Indian Charge d'Affaires tonight for walking out of a banquet in the Great Hall of the People in Peking after the Chinese speaker made a reference to Kashmir. Mr L. L. Mahindra, the Charge d'Affaires, walked out after the Chinese speaker, Chinese Deputy Prime Minister, said that China "firmly supports the people of Kashmir in their struggle for the right of self-determination". Mr Bhutto then took the podium, abandoned his prepared speech and said that the Indian Charge d'Affaires was "irresponsible and stupid". Mr Chou En-lai, the Chinese Prime Minister, who was nominally host at the banquet, was not present. An official Chinese source said that he was "unwell because of his advanced age" (he is 76).

## Australia says blind girl is better off in Britain

By John Groser

Political Staff

The Australian Government has not relented over Deborah Hilton, the 10-year-old blind girl from Bingham in Nottingham, who has been refused permission to emigrate with her family to Australia. Earlier this year the family's application for an assisted passage to Sydney was rejected. She was then refused to be allowed in, paying their own fare. The parents asked the British Government to help and Mr Morris, the Australian High Commissioner in London, Mr

Chinese recognition of Bangladesh is expected to be the main result of the talks held in Peking with Mr Bhutto.

It has been noted in diplomatic circles that China has accepted the separation of Pakistani prisoners of war and civilians from Bangladesh, has been completed, and that the United Nations resolutions on the subject have been carried out.

The prisoners issue has been the main obstacle to Chinese diplomatic recognition of Bangladesh. Peking doubtless welcomes the opportunity to gain a political foothold in such a large country so close to its borders, where it must see the danger of increased Soviet influence.

Mr Bhutto arrived yesterday for a three-day visit and was met at the airport by Mr Teng. Mr Chou and Mr Teng were both present at the interview which Mr Bhutto had last night with Chairman Mao Tse-tung. It was the first time that Mr Teng had been officially reported as attending the same occasion as Chairman Mao since his disgrace during the Cultural Revolution. Mr Teng remained in political obscurity until his rehabilitation last year.

Leading article, page 17

## Opinion poll shows Mr Whitlam ahead

From Our Correspondent

Melbourne, May 12

The Labour Government has received encouragement from the latest public opinion poll, which shows that support for the Government is just under 50 per cent. Support for the Liberal-Country Party coalition is running to the mid-forties.

The poll also indicated that the Australia Party, most of whose preference votes will be directed to Labour, is outstripping the Democratic Labour Party by about three to one.

An earlier poll showed the coalition parties 2 per cent ahead of Labour, but since then both leaders have delivered policy speeches and the tempo of the campaign has increased as polling day, next Saturday, draws near.

During the past week, Mr Whitlam, the Prime Minister, regained the initiative from Mr Billy Snedden, the Opposition leader, and had the lion's share of favourable coverage nationally. Nevertheless, Mr Snedden said that, despite the latest public opinion poll, he was more confident than ever of winning.

Mr Whitlam said nothing, but smiled, with satisfaction, when his intention was drawn to the opinion poll figures. He has hammered away at conflicts in the ranks of the Opposition parties, notably the embarrassment caused to Mr Snedden by Mr Anthony, leader of the Country Party, who has said that there was an urgent need for the price of Australian crude oil to be increased by 40 per cent. Mr Snedden had said previously that the oil agreement would not be altered until it expired in September, 1975.

Mr Anthony has now issued a statement saying that he was misunderstood and that he would abide by the joint Opposition policy.

## Colombia



Passengers flee through the emergency exit of a Boeing airliner at Bogota while inside the aircraft police tackle armed hijackers who had demanded \$m pesos (£145,000) and safe passage to Cuba. One of the three gunmen was killed in the airport drama, the third hijacking in Colombia this year. The airliner, seized in the air, was forced to fly to several Colombian cities before landing at Bogota for refuelling.

## Kurds claim heavy Iraq Army losses in battle

Van, South East Turkey, May 12

More than 100 Iraq soldiers were killed and 200 wounded by Kurdish revolutionary forces on Friday, in the heaviest fighting of the two-month-old war in Northern Iraq, the clandestine Voice of Kurdistan radio reported in a broadcast monitored here.

Iraq forces were forced to withdraw after the battle at the village of Sordash, leaving behind 110 dead, the radio said last night. An Iraq aircraft was also shot down and two troop transports destroyed.

The battle involved day-long artillery duels and night raids by Kurdish Pesh Merga forces, led by Mullah Mustafa Barzani,

leader of the Kurdish Democratic Party, the radio said. Kurdish losses were put at five dead and 11 wounded on the battlefield and six Kurdish civilians were also killed when Iraq aircraft evaded two other villages.

The radio said that fighting was continuing in other parts of Northern Iraq, where Kurds enjoy a traditional majority, with two oil wells set on fire at Hanikin.

The fighting began on March 12 after Mullah Mustafa rejected an Iraqi Government decree granting autonomy to Kurdistan. The radio has reported well over 1,000 people killed since that time, including Kurdish women and children.

## Red Square is closed as work begins on tomb

Moscow, May 12

Workmen appeared today to be either making major alterations to the mausoleum housing the remains of Lenin or carrying out repairs. In a possibly related move, men had already painted white numbers on each of the polished red granite blocks with which the mausoleum is faced. This indicated that the structure might be at least partly dismantled for a time.

Speculation began yesterday when visitors found an 8ft fence completely surrounding Red Square. The Communist Party newspaper Pravda said that the square would remain closed until November 1.

## Clandestine journal circulates in Russia again

Moscow, May 12

The Samizdat (underground) journal *Chronicle of Current Events*, suppressed by the Soviet secret police in 1972, is again circulating in the Soviet Union.

Three dissidents, acknowledging that they risk being arrested for their action, told Western correspondents today that three issues of the typewritten journal have recently been distributed after a break of 19 months.

The dissident intellectuals gave their names as Sergei Korotkov, a physicist, Tatiana Velikova, a mathematician, and Tatiana Khodorovich, a linguist. All were among the persons arrested and questioned about the chronicle during the earlier KGB wave of arrests.

The chronicle used to be one of the outside world's main sources of information about the arrests, trials and other oppressive actions against Soviet dissidents.

"Not considering the *Chronicle of Current Events* an illegal, slanderous or defamatory organ, we consider it our duty to facilitate as much as possible its wide circulation," the three intellectuals said in a signed statement.

An unsigned statement accompanying the latest issues of the chronicle says: "If we should continue to keep silent, it would be equivalent to support by us, even if it is passive and involuntary support, of hostages tactics, which is contrary to moral law and human dignity."

There is little in the three issues that has not been made public already. Among the so far unreported events is the arrest of an unknown number of Lithuanians last May, when they tried to place flowers on the spot where a student burnt himself to death in protest against Soviet rule.

Another reveals the existence of an unpublished decree of the Supreme Soviet, which gives the KGB authority to issue warnings to persons "whose actions border on crime".

Leading article, page 17



# The Times Awards for the best advertisement of a company's results to appear in 1974

## PANEL OF JUDGES

The Times is pleased to announce that the following members of the business community have kindly agreed to act as judges of the entries for The Times Awards.

## Chairman

Lord Shawcross, Chairman of the Panel on Takeovers and Mergers.

## Members

Michael Belmont, Cazenove and Company.  
Anthony Everett, Binder Hamlyn and Company.  
Edgar Palamoutian, The M & G Group.  
Sir Paul Reilly, Director of The Design Centre.  
Hugh Stephenson, Editor of The Times Business News.

Each member of this panel has been chosen for his knowledge of a particular discipline which relates to this specialized form of communication. Perhaps the most striking change in financial advertising in recent years has been the increasing clarity with which a company's results are presented. However, much remains to be done and it is to

encourage further progress in this important field that The Times has decided to sponsor a number of awards for the best example of the advertising of a company's results to appear in 1974. The conditions of entry are set out below and companies are invited to send their entry at any time during this year.

## Conditions of Entry

All entries are free but must have appeared in the pages of The Times Business News during 1974. The following are the categories in which awards will be made:

- 1 Colour. All sizes.
- 2 Black and white. Half page or larger, or equivalent.
- 3 Black and white. Less than half page or equivalent.

First, second and third prizes will be awarded in each category. Entries will be accepted throughout the twelve month period 1 January - 31 December 1974 and

should take the form of art pulls mounted on board, with a clear indication of the category in which they are to be judged. They should be sent to:

Michael Mander,  
Advertisement and Marketing Director,  
The Times Awards,  
The Times, Printing House Square,  
London EC4P 4DE.

Presentation of the awards will be made at a dinner given by The Times at the conclusion of the competition.











## Children who bear the scars of Vietnam

When 15-year-old Kim Chi left Saigon after four months in the Dursky plastic surgery hospital she was asked what she would like as a present to take home. She asked for some material to make herself a new white Ao-dai to wear to school. The American hospital administrator, Joyce Horne, looked at her in horror, suddenly realising that the child had no idea that four months of plastic surgery, regrafting the skin of her face after it was completely burned, had left her still so grotesque that although her immediate family would probably grow to accept her, she would continually be able to go back to school without a series of facial operations many months distant.

During her time in the Basky unit, Kim Chi had grown used to its small world of children so mutilated by war, accidents, burns or congenital malformations that no disfigurement is too grotesque to be accepted. The Paris agreement did nothing to dry up the supply of these children: there are now 422 on the immediate waiting list, and thousands who could be. There are still children coming in with their limbs blown off by grenades or mines, or their whole bodies burned from cheap kerosene exploding in a cooking stove, or their noses and cheeks eaten away by dioxin, a disease associated with malnutrition and never seen in Europe except in the Nazi concentration camps. Noma can destroy a child's face in four days.

The Basky unit is the only hospital in Vietnam where plastic surgery is done. It was set up in 1968 at the height of American involvement in the war, and at that time funds were easily come by from the American government and private donations. Now more of the financial and practical burden of running the hospital is falling on the Vietnamese Ministry of Health, which is already desperately short of resources for civilian medicine.

The supply of bandages and some drugs is going down every month, and there is an urgent need for new sources of finance for the Basky. The American British, French, Swiss and Belgian plastic surgery associations are all on the advisory board of the hospital, though Dr Basky himself is American, and until now the Americans have borne the weight of responsibility for the centre's finances.

Dr Basky did part of his training in England, and went to Hiroshima after the dropping of the atom bomb to set up a very successful training programme for Japanese doctors to do their own plastic surgery on the bomb victims. In Vietnam, such self-sufficiency is still distant.

The doctor said recently that the goal is still to leave everything in the hands of the Vietnamese. We could flood this place with doctors who would like to come for a few months for the experience, but that does not answer the long term need for getting the Vietnamese doctors trained in this field. The problem of war injured children is just not going to go away—in the months after the ceasefire we had even more of them. Wherever you look there is just so much help needed. For instance, we could tie up every bed in this hospital with burn cases. There is no hospital in Vietnam able to treat acute burn cases.

These burn children, if they survive, heal up with their limbs completely contracted, and it requires a major operation to free them again. If we can get the money, and the Ministry of Health can provide the personnel, we want to start an acute burn unit in two years' time. But it is not going to be easy—one burn patient requires one and a half nurses on duty round the clock. I'm trying to tackle this from the other end at the same time and get the Vietnamese to start a campaign with radio, posters and slogans about fire protection. So far I haven't really made a dent in the problem.

Four Vietnamese surgeons are now working in the unit, after completing a special three-year course. But there are no doctors in the first year of training now, the two in the second year have been recalled to active military duty, and there is just one trainee in the third year. "The Ministry just has not got the doctors," Dr Basky says.

There are three western doctors in the unit—a plastic surgeon from Peru, a paediatrician from Iceland, and a woman anaesthetist from England, Dr Marjorie Wallace, who came for six months in 1972, but married a Vietnamese engineer and is staying indefinitely. She, like all the western doctors, is paid by USAID.

The Basky unit has 170 beds and averages 150 major operations each month. Until now the International Rescue Committee has run a convalescent centre where children can be

cured for until they are ready to go home—if they have one—or into an orphanage. By September the IRC convalescent centres will have closed and a new Ministry of Health centre next to the Basky unit itself will be complete.

Once a month at South Vietnam's provincial airports, like Danang in the north, or Can Tho in the Mekong delta, a small group of children wait apart from the other passengers, turning away faces hideous with thick burn scars or the wide cleft lip deformity many Vietnamese children are born with. They have been gathered up by one of the Basky's nine regional clinics and put forward

as suitable patients for operations in Saigon.

Often the children are alone, having been rejected by their families, either because they look so repulsive, or because they can make no economic contribution to their families. "That is one thing we can give them—a chance of economic survival, by changing them so that people are not just repulsed by them," Dr Basky says.

There are some who have to give up an economic way of life when they are given a reconstructed face, like the small boy found begging on the streets in Quid Nho with his nose and eyelids burnt off. He was sup-

porting his blind grandmother who was reluctant to let him go. Many operations later he is a veteran inmate of the hospital in Saigon, and recently his mother arrived at the hospital to see him for the first time since three years ago he picked up a live grenade and threw it, mutilating himself and killing his six brothers and sisters before her eyes. His new nose has almost been hulled up over. In a few months' time it will have healed enough, and his mother's despair and hatred will have been enough for them to start a life together again.

Victoria Brittain



Jane Rendel

## Children nobody wants to adopt

Four children who have been in care for years and have apparently been abandoned by their parents will be shown on television tonight in the hope that families willing to foster or adopt them will respond. It will be the first time that children needing family homes are shown face to camera on British television, and the programme has already aroused considerable controversy.

The four children who will be shown tonight fall into the "hard to place" category. There is no problem in placing healthy, white babies with adoptive parents; indeed there are far more parents available than there are babies.

But when baby is no longer an infant, he becomes hard to place because potential adopters generally want to have a baby they could not have themselves, not a child who is already developing his own personality. The child who has additional handicaps, a mental or physical disability, or a non-white skin, is even harder to place.

As a conservative estimate, there are about 10,000 "hard to place" children growing up in local authority or voluntary homes when their need is to be with families. In addition to the children who are the romantic ideal of many would-be adopters, these children face two barriers. Local authorities do not always regard them as being available, and the public is not aware of their needs.

It was to overcome the second barrier that Sue Woodford, a World in Action producer, decided to make tonight's programme. She tried to make it a year ago but failed to find any children's organization or local authority prepared to allow her to film children in their care. This time, she brought over from Los Angeles Bob Hunter, an American television personality who runs a 12-minute session on a three-hour show in which he interviews children needing adoptive parents.

Mr Hunter's show is certainly successful. In the six years it has been running, the rate of adoptions of hard to place children has risen from 25 per cent to 85 per cent. His record, his assurances that the children were not given false hopes, and his charm, persuaded one local authority to cooperate and two voluntary organizations to allow cameras into their children's homes.

The result is a programme that includes film of children playing in their residential homes and interviews by Mr Hunter with the four children "offered" for adoption. The programme is honest to the extent that it gives time to Mrs Margaret Bennett, director of the National Council for One

Parent Families, who objects strongly to the "indignity of treating children as though they were a sort of commercial product," and shows dialogue with a doubter from the Church of England Children's Society. It also shows film of how Camdeo, a borough council decided against allowing children in its care to take part in the programme.

But, while the programme illustrates the plight of children, it does not discuss the problem of fostering or adopting. The children are presented as desperately needing a loving family, but the programme offers no guidance on what kind of parents would be accepted as suitable or what problems the children themselves might present.

There is no discussion, either of the plight of parents who have been trying to adopt or foster for many years without success. Nor is there any allowance for the feelings of the parents of children shown, although World in Action has been assured that the parents are untraceable and probably would not recognize their children if they saw them. Mr Bennett, who is director of social services at Camden, told me that his council would not allow children in its care to go on the programme partly because there were so few suitable children. Of the 717 children in Camden, only 30 are long-term cases and 28 of these are in close contact with their parents. He too was concerned by the possibility that parents might see their own children on television, being offered for adoption.

Social workers are likely to be sceptical about the interest of people who respond to a programme with the idea that child they have seen might be someone they take an interest in. It takes some time to verify the qualities of potential foster or adoptive parent and one of the children shown on tonight's programme will be available tomorrow.

The value of the programme will be judged in part by the response of parents who will be invited to telephone a special number with 25 lines and 40 volunteers manning it for 48 hours. But even if the result is that every one of the four children is fostered or adopted, the charity, it seems, a desperate and potentially harmful way of achieving it. Camdeo has shown that social work techniques can reduce the number of children in homes over a long period. In spite of the shortage of suitable foster parents, perhaps television would be better used in presenting in-depth studies of the problem rather than showing the victims.

Pat Heal

Social Services Correspondent

## Appointments Vacant also on page 11

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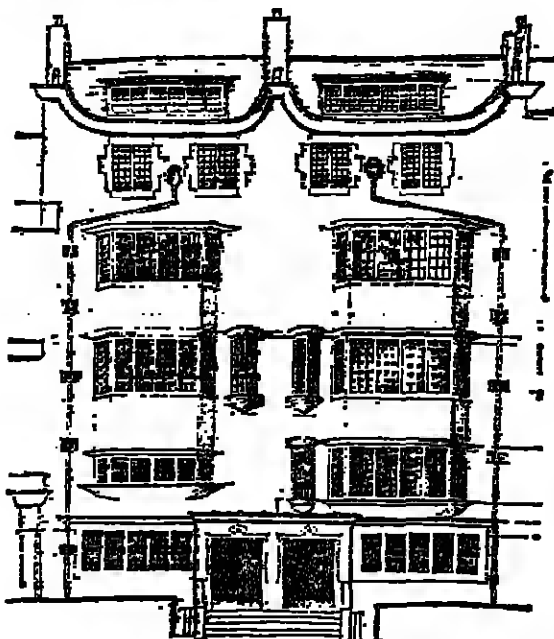






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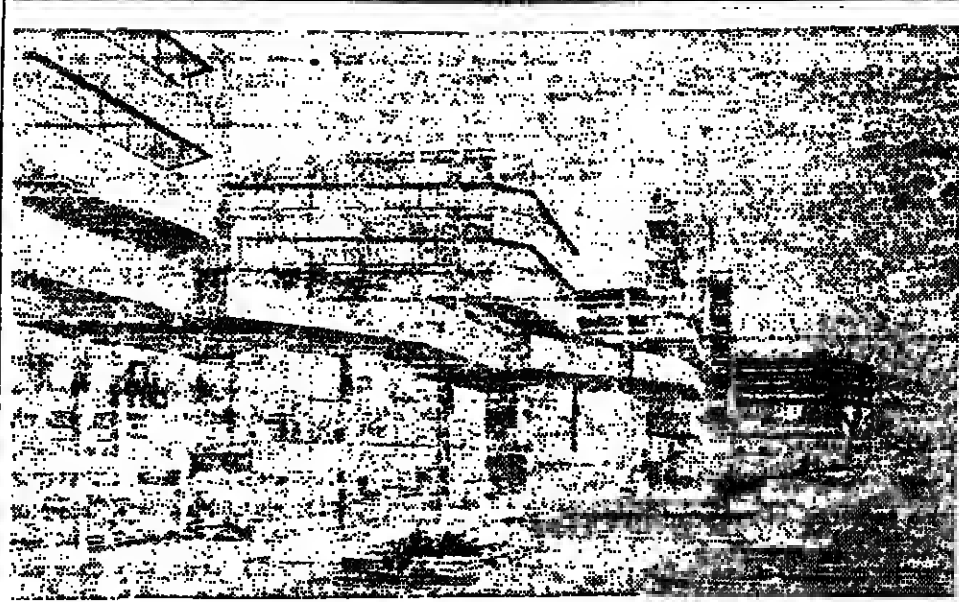
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An artist's impression of the development for Rochdale's central area.

Town central area redevelopment schemes are usually a long time in preparation and many changes are made during negotiations. Only in the last stages do the final details become known.

This happened in Rochdale, where work is beginning on a large central area redevelopment by Laing Development Co in conjunction with Rochdale Corporation and the Co-operative Insurance Society. The scheme, designed by Building Design Partnership and costing about £7.5m, is on a site between Yorkshire Street, Newgate and Manchester Road.

In its final form it will comprise 280,000 sq ft gross of shop space and 15,000 sq ft of offices. It consists of large extensions to Woolworth's and the Rochdale Equitable Pioneers Society stores, two department stores each of 50,000 sq ft, 12 to Boots and Lewis's, two public houses and 53 other shops.

Included is a market hall of 89 stalls, a covered market square for 122 stalls and 17 shops round the perimeter for Rochdale Corporation. Because of the sloping site, one part of the scheme will be serviced at ground level and the other will have a servicing area virtually underground. Parking for 1,000 cars is being provided. Completion is due in December, 1975, and lettings are through Hillier Parker May and Rowden, of London, and Bernard Thorpe and Partners, of Manchester.

A smaller scheme is prepared for Dover, where work is due to start on a shop and office development by Centros Properties, of London, in association with the Sun Alliance and London Assurance Group. The site is in Beach Street and planning consent has been obtained for the construction of a three-storey building to provide a store of 15,000 sq ft on the ground floor and 10,000 sq ft of offices on the first and second floors.

Much of the site has remained derelict after war damage which destroyed the title deeds to some of the properties, but one firm founded 150 years ago is to be accommodated again on the site. Costing about £300,000, the scheme has been designed by

## Extensions in plan for Rochdale

Bovington, Fowler, McBride, of Homelaw, Messrs Worsfolds, of Dover, who acted for Centros, who acted for the scheme by Bayneath Property Co. The building will have frontages onto Prince Regent Street and William Street.

Designed by Cotton, Ballard and Blov, the building will be constructed on ground and five upper floors and will provide a total lettable area of about 30,000 sq ft with parking facilities. Completion is due late this year. Ronald Preston and Partners, who acted in the acquisition of the site, are joint letting agents with Hillier Parker May and Rowden.

Stafford, Bressell Properties are undertaking an office development in Greyfriars' with the Hill Samuel Life Property Fund. Planning permission has been received and building will begin during the summer for completion about the middle of next year. When finished the building will have a net area of about 22,000 sq ft on first, second and third floors, with parking for about 80 cars at the ground floor level. The developers were represented by M. J. Bellfield and Co, and Anthony Lipson acted for Hill Samuel. The completed investment value will be about £300,000.

Any organization seeking a decentralised office plant in pleasant surroundings might have a look at a food research laboratory at Blomms Court, Seining Common, near Reading, which is being closed by Brooke Bond Liebig, Ltd. The property is based on a fine old country house in eight acres of grounds.

Modern laboratories and two pilot plants have been built and a coach house has been converted to a canteen and sports centre. In all, the accommodation extends to more than 40,000 sq ft and will be available for early occupation. The freehold is being offered through Donaldsons, of Jersey Street, London.

In the industrial field, Metropolitan Property Development have acquired a site of 123 acres off Wetmore Road, Bicester-on-Trent. They propose to build about 250,000 sq ft of light industrial and warehouse premises in units from 5,000 to 100,000 sq ft. The first phase of standard units on the site, which will be known as the Trenton Industrial Park, will be available from next spring.

George Robinson and Partners, of Lichfield, acted on behalf of MPD, and John German and Sons, of Birmingham, for the vendors. Lettings will be through both agents. The scheme is costing about £15m. Work on the site of 10 acres acquired last year by Mackenzie Hill at Sandamore Road, Leicester, is well advanced. The first two units of 20,500 sq ft and 21,500 sq ft will be available in September. The planned accommodation is due for completion by the end of the year. Letting agents are Weatherall Green and Smith, of London, and J. Jarrom and Son, of Leicester.

A word of caution to developers planning schemes in the Netherlands has been issued by Savills, who have recently opened an office in Amsterdam. They say that although demand for offices during the past 12 months has been higher than in the previous 12 months, increased construction, largely by British companies, has resulted in there being about 10,760,000 sq ft vacant or under construction. "Many opportunities still exist," Savills say, "but bearing in mind the relatively small international demand and the limited local population, selectivity must be the key word."

Gerald Ely

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# Grassland management

## Pioneers provide the answer

by Leonard Aney  
Agricultural  
Correspondent

Britain's entry into the EEC, involving a new set of farm price relationships, the rising cost of land, of animal feed and of animals have all contributed to new thinking about grass. Although so much of the country's surface is in grass rather than other crops, its potential has all too often been neglected.

The agricultural area of the United Kingdom is about 47 million acres. Of this more than 16 million acres are classified as rough grazing, which may mean anything from a rocky mountain top, over which a few sheep move on occasion, to an un-drained bog.

Cropped areas, both for farming and horticulture, total about 12 million acres. Permanent grass amounts to about the same area. In addition there are nearly six million acres of temporary grass (which will include some legumes) fitted into mainly arable or ley rotations.

This latter total of 18 million acres can be converted into cash only through the animals which consume it to provide milk and meat. At farm gate prices in recent years the value of British animal production has been three times as great as that from all types of cropping. But only half of it comes from grass-eating ruminant animals—cattle and sheep—and cattle get a good deal of bought-in feed, too.

It is evident that the potential of these 18 million acres is still not being fully realized. According to a recent calculation, the average production of used feed from each acre is equivalent to about a ton of grain, whereas those who use it from all types of cropping, of three and a half or even five tons, depending on soil, weather and management.

The quality of management is the main key to the situation. Full use involves taking not merely one, but a virtual series of crops from the same field in a single season, either by immediate grazing or for conservation as hay, silage or dried grass. It involves, at all times of the year, a constant adjustment between food needs of stock and supply.

To the outside, and even to some in agriculture, grass farming looks easy, especially in that belt along the north-western fringes of Europe where weather comes mainly from the Atlantic, temperatures are not severe and rainfall averages 100mm or more in the year. But historically it has often been where the conditions are easiest that management has been slackest and production furthest from its potential.

There has certainly been a greater advance during the past 25 years in arable crop growing than in grassland. It may well be easier to lay down easily understood rules of thumb for success with cereals, potatoes or sugar beet, and the grassland manager needs a greater flair and a more acute observation—often unconscious—of both his grass and his animals.

It may, perhaps, be easier to foster and develop these in regions and climates more uniform than in Britain, such as the dairying country of New Zealand or the eastern Netherlands. But even for us the scientific basis on which better grass-land management can be built has been largely consolidated during the present century.

There are firm data, for instance, on the performance of grass species and varieties under a range of conditions and systems. We know a great deal more than we did about the precise needs of the ruminant animal, whether pregnant, lactating or merely putting on weight.

Health hazards can be more precisely assessed and dealt with.

Widely-different systems have been compared and coded. More and better machinery is available at least to those with the means to buy it which can reduce the weather risk in conservation and ensure that bulk winter feed will not have lost its value.

Even in Britain a large user of grass can attempt a forward budget for the feeding of his stock during most of the year. This could become a regular practice for groups of smaller enterprises in the main grassland areas.

Full exploitation will involve some new investment. The water regime may need correction and over most of Britain drainage is a bigger need than irrigation, valuable as this may be in a dry season.

A properly-balanced manufacturing programme is equally important. Fertilizer prices have risen sharply but are a long way below the point where they would be considered excessive. The water regime may need correction and over most of Britain drainage is a bigger need than irrigation, valuable as this may be in a dry season.

There is virtually no cheap land left in Britain today even in high hill areas and old low-cost low-output systems cannot now be justified. Largely ruled out too are some traditional extensive systems which while heavily stocking the best grass relied on cheaper land to bold beasts while adjusting the number to the growth of the grass.

Today's systems must aim at the use of all the land's grass whether permanent or temporary to be used to the maximum by rotational grazing or for conservation while its feeding value is high. The rise in both cereal and protein prices has put a premium on the kind of grass which can provide a balanced ration to the animal's capacity to eat it.



The Harvall harvester, a Dutch machine which can mow 18 acres an hour.

ing or for conservation while its feeding value is high. The rise in both cereal and protein prices has put a premium on the kind of grass which can provide a balanced ration to the animal's capacity to eat it.

In the past there has been too much uncertainty about the feeding value of conserved grass and older methods of analysis did not always provide a full answer. Much of that doubt has been removed by new methods of assessing digestibility which

are available to farmers and their advisers, and which are being speeded.

Full use will often involve some changes in the farm layout allowing for water at convenient points and for the subdivision of pastures for controlled grazing. Modern electric fencing also brings a new flexibility.

It will also involve in most cases more investment in livestock. For more grassland has been ruined by under-use than by over-grazing although this too can

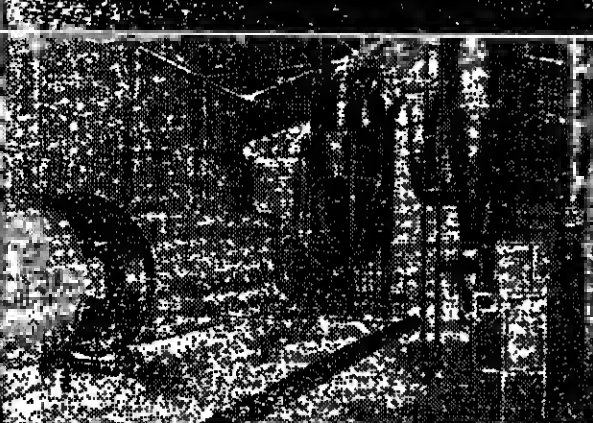
sometimes be disastrous. There is much less under-used grass in Britain today than 20 years or even 10 years ago and much of the improvement that has taken place has been because of a larger national population of cattle and sheep and larger numbers on individual farms.

Improvement has been stimulated by higher prices, leaving a better margin for new investment. Where higher prices have had their most marked

effect is in the parts of the country where the main enterprise has been rearing more stock to be finished elsewhere.

The techniques now being successfully used were worked out and tested in a period when they were unproven. It is as well for British agriculture that it has always had its pioneers with enthusiasm transcending the economics of the moment and the potential of its grass has always had a fascination for them.

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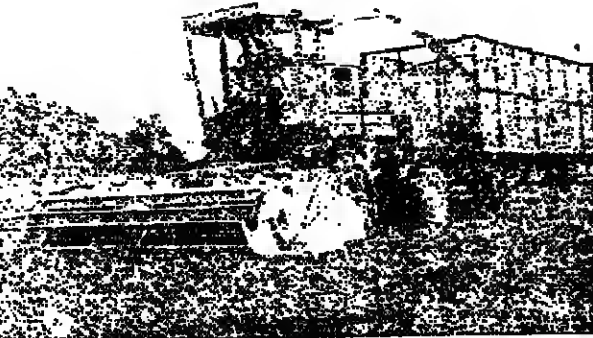
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## £200m hill land production has national importance

by Sir Emrys Jones  
Principal, Royal  
Agricultural College

One third of the agricultural land in Britain is classified as "Hill and Upland" and this covers an area of about 15,500,000 acres. There are about 11,000 hill and upland farms in England and Wales and nearly 5,000 in Scotland. These 16,000 farms account for rather less than 10 per cent of the total viable holdings in Britain and employ less than 10 per cent of the total full-time agricultural workforce. The value of hill and upland production is now approaching £200m gross output, which amounts to about 5 per cent of the total agricultural output of Britain.

However, in the case of sheep and wool production, the contribution of hill and upland farming is of considerable importance nationally, because it constitutes more than a third of total output of these commodities. Hill cows represent more than half the national beef herd or one seventh of all cows, including dairy cows, in the United Kingdom and more than 500,000 cattle are sold from the hills every year.

There are positive signs of a revival of interest in the commercial farming potential of the hills and uplands. For the first time in many years the national census results are showing a steady rise in the number of ewes and lambs kept for breeding. This suggests that the well-established decline in hill breeding stock has now ceased and that there is a renewed confidence in the prospects for commercial and profitable livestock farming in the hills.

This has encouraged the adoption of new and improved hill farming techniques. Supplementary feeding of ewes before and after lambing is now being adopted and the rewards that stem from this practice are already emerging; lambing percentages are increasing

and more lambs are being finished in the hills on improved pastures. Moreover, the number of single-suckled ewes is increasing and although spring calving is still almost universal, there are significant signs of development in the calving of hill cows at different periods of the year.

However, the hill environment is tough and climatic and physical factors generally impose serious constraints on the modern farming methods that can be applied. The effect of greater altitudes is to increase cloud cover and rainfall, and to decrease temperature.

It is generally accepted that for the range between 750ft and 1,750ft a decrease of 2 per cent in yield of herbage can be expected for each 100ft increase in altitude. Excessive leaching of nutrients within the growing season and a loss of 5 per cent in yield for every 100ft increase in altitude can normally be expected in the spring of the year. This means not only a decrease in total output but also a much shorter growing season.

High rainfall, low evaporation rates coupled with low temperatures cause a surplus of soil moisture, which either gives rise to waterlogging or, if excessive leaching of nutrients occurs, to soil. As a general rule, inherent soil fertility declines with increasing altitude and most hill soils are extremely acid.

Indeed, it is the combination of tough and climatic and poor soils that determines the botanical composition of the vegetation, which can range from bog plants, dominated by sedge, through heather and grass heaths of nardus and molinia to the best agrostis-fescue grasslands on the fairly good mineral soils, with a pH (acidity rating) of above 4.7.

The digestibility of these upland species is in the range of between 50 and 55 per cent compared with 70 per cent for a lowland ryegrass

and white clover pasture. One of the great fallacies connected with hill farming is that there is an abundance of summer feed. In terms of digestible nutrients, these rough grazings are hopelessly deficient.

Clearly, the most serious limiting factor impeding the expansion of animal production in the uplands is the level of nutrition. It has been demonstrated time and time again that hill breeds of cattle and sheep have the capacity not only to tolerate the hard climatic conditions, but that they can also produce at high levels when given adequate planes of nutrition.

For example, the daily weight gain of lambs will depend on the level of nutrition of the ewe, which in turn will depend on the type of vegetation available to her. A hill ewe grazing on a nardus-fescue-molinia sward will only be able to rear a lamb at the rate of 0.3 lb a day, while the same lamb would put on 0.4 lb a day if the ewe were grazing a perennial ryegrass and white clover pasture in the same conditions. This is in effect a 33 per cent increase in production through better performance alone.

But this would not be the only effect of pasture improvement, for the stock carrying capacity would also be increased—often by as much as 300 per cent. So, when both these factors are added together, there could well be a fourfold increase in livestock output resulting from a programme of hill pasture improvement.

The essential requirements for successful pasture improvement in the hills are the identification of the areas or plant communities which will respond to specified treatments; the ability to enclose the areas where pasture improvement is contemplated; the provision of access roads for the transport and application of lime and fertilizers.

Nearly all the various plant

communities found in rough hill grazing situations can be greatly improved by cultural techniques. The molinia-beather-nardus-fescue and agrostis heath types can all be improved by the application of lime and fertilizers alone, or by a combination of surface treatment and seedling, accompanied by intensive grazing or mechanical defoliation.

The actual techniques to adopt will depend on the degree of improvement it is aimed to achieve. Basic to all of them is the application of lime and phosphate, but what is not generally realized is that most hill soils are extremely deficient in nitrogen. Not only is there very little available nitrogen in these poorer and wetter soils themselves, but they also tend to immobilise large amounts of fertilizer nitrogen, as much as 70 per cent in extreme situations.

It is now clear that at least 100 units of nitrogen are necessary when reseeding such areas. The lack of available nitrogen has undoubtedly been responsible for the somewhat indifferent results achieved in the past with surface improvement techniques.

Without fencing the degree of improvement is bound to be limited; it is essential to be able to practise controlled grazing to achieve worthwhile results and long-term gains. But there are large areas of common land, amenity and conservation interests will often object to the fencing of open hills.

Nevertheless there are still vast areas where restrictions do not operate. In Wales, for instance, more than half the area of rough grazings is unenclosed and in Scotland this could be subdivided further for controlled grazing and improvement.

Probably the most serious physical constraint on further progress in pasture improvement in the hills is the lack of access roads. Farm roads, capable of supporting lorries with a minimum gross

weight of between 12 and 15 tons, would be required for the transport of lime.

This could well be the biggest single capital cost in a pasture improvement programme and the justification for the investment would depend on the length of road required to improve a given acreage of land.

For instance, a hill farmer had to provide £1,000 towards road construction in order to improve 100 acres of hill, that is £10 an acre and the return on capital he could expect would be less than 10 per cent, which is marginal.

If, however, the cost of roads is £5 an acre of improvable land, the return on capital would be over 15 per cent. There would also be an important bonus in reduced labour requirement and easier management accruing from improved accessibility to the enclosed improved areas.

Of the 15,500,000 acres of hill and upland in this country, about 12 million acres are in rough grazing. In the light of advances in recent years it is conceivable that between 20 and 25 per cent of this land could now be improved to the extent that it could produce at least four times its present production.

If 20 per cent of the rough grazings were to be improved by one method or another, it would mean a 60 per cent increase in the overall output of the 15,500,000 acres of hill and upland. The initial cost would be considerable, but planned development in association with forestry and amenity interests offers the prospect of reducing the share of this to be borne by the farmer alone.

In any case, it is difficult to foresee much organized development of tourism and related enterprises in these areas if the infrastructure of farming is not maintained. The new techniques that have emerged in recent years now seem to offer the opportunity of achieving this.

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## Same care needed as with other crops to avoid lost productivity

by Kenneth Woodford  
director, the Grassland  
Research Institute

Grass is sown and established to replace worn-out permanent pasture or as a break crop—lay-in the arable rotation. Every year in England and Wales about a million acres of grass are established, two-thirds as leys and the remainder as permanent pasture. It is not as long as possible, until made unproductive by weeds, pests and disease.

Without such natural hazards, or mismanagement, permanent grass crops should last for ever, for they can be cut off tillers that soon become capable of independent existence; a study of the distribution of clones of a fescue (*Festuca ovina*) in a natural sward has shown that some of them must have existed for 1,000 years. In practice, however, the productive life of swards tends to be short, rarely exceeding 10 years and on average it is nearer three to six years.

The requirements for good establishment are similar for most crops and depend on producing the right conditions to the seed bed for even and rapid germination and subsequent growth. For grass and clover this means sowing at the right time of the year for minimum temperature, preparation of a fine tilth suitable for small seeds, placement of the seed at the correct depth (4 in for clover and 2 in for grass), and avoidance of competition from weeds and/or companion crops if used.

Unfortunately, few farmers give the same attention to the establishment of grass as they do to other crops, and productivity is lost in the early years and the life of the sward is reduced. In a survey carried out recently by the Grassland Research Institute in England and Wales it was estimated that on 22 per cent of the farms the fifth year of the herbage was reduced by 10 per cent; on 10 per cent of the farms the sixth year was reduced by 10 per cent; on 5 per cent of the farms the seventh year was reduced by 10 per cent; on 2 per cent of the farms the eighth year was reduced by 10 per cent; on 1 per cent of the farms the ninth year was reduced by 10 per cent; on 1 per cent of the farms the tenth year was reduced by 10 per cent.

Indicative of a herbage of excellent quality, very beneficial to milk yield and animal performance. Where the climate permits, as in much of lowland England, the best method is to sow the grass immediately after the cereal harvest. If this can be done before September, very satisfactory pure grass swards can be established.

Modern methods of minimum cultivation and the use of weedkillers such as paraquat that kill all vegetation without leaving any residual toxicity in the soil also help.

The natural grasslands of Britain contained many species of grasses and legumes, and the earlier mixtures of seed sold to farmers were formulated on the assumption that a wide range of species was advantageous. Plant breeders, however, soon narrowed the range and grassland agronomists have more recently been emphasizing the advantages of the added predictability and persistence of simple mixtures and even single varieties.

### Five species of real importance

There are now only five species of agricultural grasses of any real importance in the seed trade (perennial and Italian ryegrass, cocksfoot, timothy and meadow fescue), and perennial ryegrass is by far the most important with more than 70 registered varieties. Most grass seed, however, is still sold as mixtures of species and varieties with or without clover; in the absence of any worthwhile scientific or advisory information to guide them, farmers must rely on proprietary mixtures from seed merchants. One aspect of this is that the mixtures are formulated on the basis of practical experience and business acumen.

The recent increases in prices of grass seed (varieties of perennial ryegrass have increased two and a half times during the past year) and fertilizers make it necessary to be prudent in their use. With seeds there is scope for economy, for improvements in seed bed preparation could reduce the seed rate of perennial ryegrass from the recommended 20 lb/acre to 15 lb/acre, but with fertilizers the rates applied are well below those recommended for maximum herbage production from pure grass swards.

## British machinery industry maintains its fine record

by Derek Watson

The pace of development in grassland machinery, as with all agricultural machinery, shows little sign of slackening, with a strong two-way flow of new ideas and equipment between Britain and Europe.

This gives the British farmer a wide choice, and while it may be fashionable to extol the virtues of imported equipment, the British farm machinery industry has a fine record.

Recently Mr Alan Rundle, president of the Agricultural Engineers Association, reported exports worth £350m in 1973 and imports running at £31m, giving the industry a trade balance of £25m, second only to the motor industry.

### No doubts about machine's value

The capacity of modern grassland machinery is astonishing. On a Dorset farm 7,000 acres of grassland, two-thirds of which is permanent pasture, still applies only 100 lb of nitrogen per acre and thus has a long way to go before reaching the maximum, or even matching the Dutch counterparts who use more than twice as much as he does.

The use of fertilizers on grass is, however, much more complicated than on other crops, both in theory and in practice. This complexity is in part because the mineral nutrients that are applied have to satisfy the requirements of the crop without altering its composition in any way that might affect the animal that eats it. For example, the green crop can take up much more potassium than it needs for its own requirements, but an imbalance of potassium and magnesium in the herbage can cause hypomagnesaemia, a serious metabolic disorder of livestock.

Complexity also results from the need, when calculating fertilizer requirements, to allow for the minerals that pass through the animal and return to the soil. Potassium is also a very important mineral in this respect as approximately 10 per cent of the potassium that the ruminant eats is excreted.

Thus grassland swards need low dressings of potash fertilizer (approximately equal to 45 lb of potassium per acre), while swards that are cut for hay and silage, when all the potash in the crop is removed, require four to six times this amount. Even so, fertilizer surveys show that on average the British farmer is using just as much potash fertilizer on grazed swards as on cut swards.

Class Jaguar 60 SF self-propelled precision chop forage harvester, powered by a Perkins 120 hp six-cylinder engine and imported by Manns of Saxham in limited numbers for 1974. A special feature is the use of Class combine harvester transmission components to provide an infinitely variable speed in three different gear ratios and the machine can be used to harvest maize.

Considerable thought is being devoted to handling and two of the latest systems based on bales of conventional and unconventional size offer great labour-saving possibilities.

For conventional hay bales there is an unusual loader-transporter from Kemper recently launched in the United Kingdom by Carnfield (Agricultural Division of ECP Resins), a Derbyshire company.

The machine uses an endless conveyor to pick up bales, store them and discharge them singly at the stack or in the barn. It can work effectively on even ground at up to 8 mph in 9 mph and can be fully loaded with 132 bales in eight minutes to 12 minutes.

Another one-man system, but using one-ton hay stacks, is the American Hesston Stak-Hand imported by Opico (UK) of Spalding. The Stak-Hand picks up the crop and blows it into a trailer until this is filled to capacity. The curved steel roof of the trailer is then forced down hydraulically, compressing the hay and making a solid block.

For moving the stacks a tractor rear-mounted bucket loader is used. After several fillings and compression operations the stack formed within the trailer body is discharged.

For moving the stacks a tractor rear-mounted bucket loader is used. After several fillings and compression operations the stack formed within the trailer body is discharged.

powered Hesston machine straddles the row and a pick-up reel takes the crop into a baling area between two belts which rotate and roll the material into shape.

Once the required size of bale has been formed, strapping is wrapped round in the last few turns. The bale chamber opens upwards hydraulically and the completed bale—weighing up to 1,500 lb and 6 ft in diameter—is ejected.

Totally British in conception is the Howard Bigbale system, which was developed at first by two farmers. The Bigbaler produces bales containing 9cwt to 14cwt of hay or 5cwt to 7cwt of straw, which are loaded on to trailers by a tractor-mounted gripper with two hydraulically operated parallel arms which grip the bale. Fifty tons of hay have been baled from field to store by one man on a 10-hour day.

The development of forage equipment of large capacity makes heavy demands on the tractor power take-off. These demands can be met by modern high-horsepower tractors, but considerable thought is being given to the attachment of machines.

The rear of the tractor is the ideal place to hitch draught implements—cultivators and ploughs, for example—and so obtain weight transfer for traction. However, there is a school of thought which claims that it is better to hitch harvesting machinery in front of the power unit.

This enables the operator to drive straight into the crop without the opening-up difficulties. It allows him to see what he is doing and, of course, to run a second machine, like a conditioner, on the back.

Such a thing—one of the latest continental developments to be demonstrated soon in this country—is a self-propelled power unit, moving end three acres an hour for maize chopping. With 140 hp it is disposal the unit, called the Harvall, can start work on silage in May and finish with maize up to the end of October, giving six months' work.



Adaptors are simple to use with applicators on the forage harvester, but care must be taken in handling.

With performance figures of up to 18 acres an hour when chopping maize, the Harvall is a unit, called the Harvall, can start work on silage in May and finish with maize up to the end of October, giving six months' work.

British market because it comes from the Dutch manufacturer of the Harvall, considered to be the biggest selling and most imitated balmaker in Europe. Two Harvalls are being introduced into Britain this year for demonstration.

## Defeatist attitude to hay is changing

by Mary Cherry

A major objective of improved grassland management is to graze more animals to the acre, and a natural consequence of this is that there will be more mouths to be fed when the grass is not growing in the winter. Hence the need for conservation of some of the crop. Fortunately, conservation is not only a valuable end in itself, but it also plays a part in good grassland management.

Of the three practical methods by which cut green forage can be conserved—haymaking, ensiling and artificial dehydration—haymaking, which is the least desirable from the standpoint of efficient conservation of nutrients, continues to be the most practised, and the least researched. Blame tradition, the relative attraction of hay compared with silage to the human handler, and the British weather.

### Improvements in equipment

Hope springs eternal that it will be a good hay year, so vast quantities of poor quality, inefficient made material continues to be baled in bales into barns or stacks. Meanwhile, the weather dependence of field-dried hay has been a major reason why researchers have urged silage and to a much lesser extent barn-dried hay, to be better bets.

However, while the hay acreage has been eroded in favour of silage, there are positive signs that the defeatist attitude towards hay is also changing. The work of the National Institute of Agricultural Engineering, and of the machinery manufacturers, has shown that much can be done to increase the rate of the crop drying by mechanical means. There have also been great improvements in equipment for handling hay, the latest development being the big bale, a small hay stack collected and transported entirely by machine.

Meanwhile biological research, looking at the ways in which grasses lose water and at the all important microclimate in the cut swath, is suggesting a new concept of haymaking. A small number of people are already operating a two-day haymaking system involving use of chemical desiccators and several cuts a year of a short, leafy crop of high digestibility.

Despite these improvements and the continuing

dominance of hay for conservation, British hay production has doubled in the past five years and now amounts annually to nearly 15 million tons. An immense amount of research has been done into making good silage—how to achieve the correct fermentation by excluding air or using additives—and the results of this and practical experience have borne fruit in farm silos ranging from low, plastic-covered bunkers to tall sealed towers.

Success can truly be measured only in the milk tank, the live-weight gain and the lower feed bill. Silage often fails to come up to expectations. Well-made silage is a good method of conserving the nutrients in the harvested crop but it is common to find that the amount which animals will eat is disappointingly low.

Work at the Grassland Research Institute has indicated that more intake by the animal may be associated with high concentrations of free acids in the silage affecting the animal's metabolic functions. Now the idea is to produce what are known as non-fermented silages by using a preservative. Fermentation in the silo can be restricted by adding a suitable chemical during the ensiling process.

In trials with sheep, intake of silage made with a mixture of formalin and formic acid tended to increase as the quantity of formalin was reduced, and the feeling at Hurley at the moment is that non-fermented silages of high feed value are more likely to be produced by using a formalin and formic acid mixture rather than formalin alone.

At the Hanneb Research Institute, near Ayr, good results have been obtained by ensiling big-leaf red clover and adding formic acid. Although the clover was of rather lower digestibility than grass silage, the cows ate more and their milk yield was high. The Hanneb researchers report that 30 cows were used for these trials and none had fertility problems.

This is of particular interest as there have been reports from several parts of the world, including England, of problems arising with breeding females due to the presence of natural oestrogens in clover.

The most efficient of all methods of conserving green forage, but unfortunately the most expensive particularly in terms of capital investment, is artificial dehydration. For a long while there

has been a steady market for lucerne meal, or lucern and grass meal, produced mainly through large high-temperature drum driers, for use as a protein and carotene-rich ingredient in poultry rations. There appeared to be little or no scope for expansion in this area, but interest developed in producing dried but unmilled products for feeding to cattle.

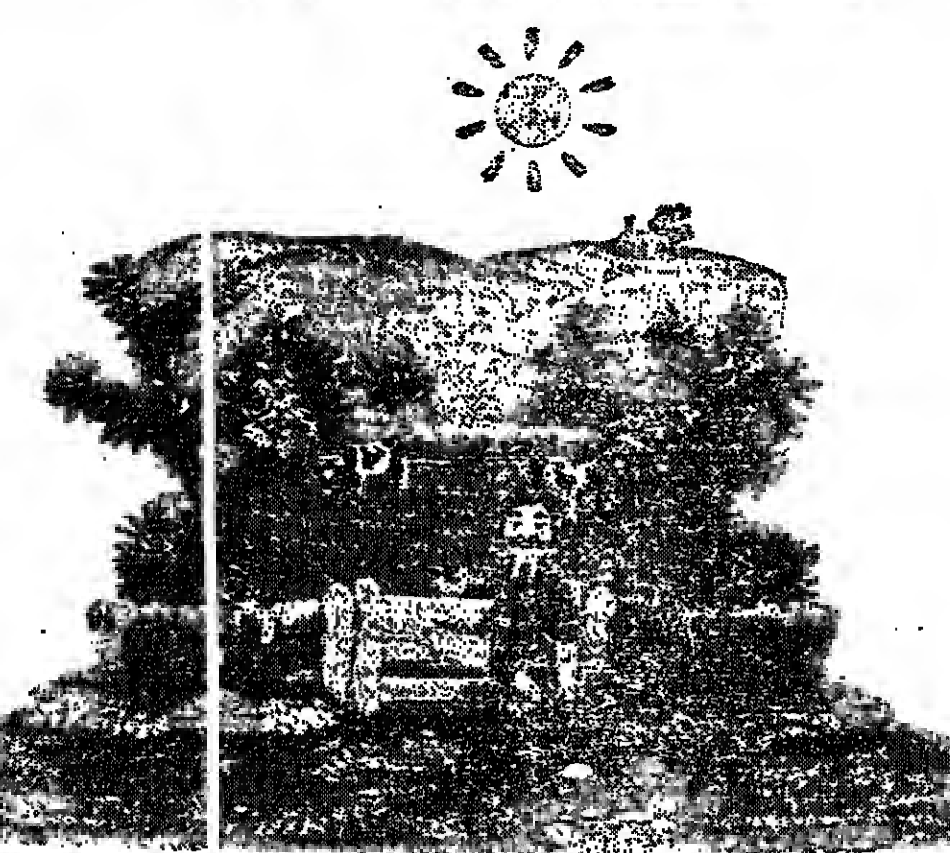
Then, when the world protein shortage developed and prices of proteins and cereals soared last year, prospects for lucerne and grass drying looked good and enthusiasm for drying increased as did investment to some extent. Unfortunately, driers are heavy users of oil and so the industry has been hit by the fuel crisis.

On the other hand, competitive products are still at a fairly high price level and the European Economic Community, sensitive about its vulnerability to world protein prices, has introduced a tonnage subsidy for dried green crops this year.

Quite small reductions in the moisture content of the crop going into the drier can lead to big savings in fuel. One possibility is to mechanically squeeze the fresh crop, then put the pulp through the drier and feed the liquid to pigs. Another method, which could be more easily adopted and which does not involve costly specialist equipment, is to spray the standing crop with a suitable acid, such as formic.

This damages the waxy impervious layer or cuticle covering the plant so that it rapidly loses moisture and will require much less drying if cut, say, 24 hours later. At the Grassland Research Institute, grass treated in this way required 25 per cent less fuel to dry.

If fuel savings of this order can be made in practice, there is every indication that green crop drying has a bright future. A study sponsored by the Ministry of Agriculture estimated that if British production was increased by 80,000 tons to one million tons of product a year, import savings could amount to £6,000,000. The digestible protein and crude 212,000 tons of starch. The report recommended active encouragement of cooperatively owned crop driers to serve groups of livestock farmers.



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Making silage on the "Dorset wedge" principle. Crop conservation methods are the subject of intensive study at the Grassland Research Institute at Hurley in Berkshire.



## Lord Chalfont

## Sparks from the engineers' dispute could light a much bigger fire

Last week's meandering display of industrial power by Mr Hugh Scanlon's trade union brought irresistibly to mind the proposition advanced by William Hazlitt in the columns of this newspaper a century and a half ago. *The love of liberty*, he wrote, is the love of others: the love of power is the love of ourselves. In case the engineers' strike and its strange conclusion have, for those who are prepared to listen, more to say about power and liberty in this country than almost any other single happening since the war; and it would be tragic if, in our understandable relief at the last minute avoidance of national catastrophe, we were to ignore the fundamental significance of what really happened.

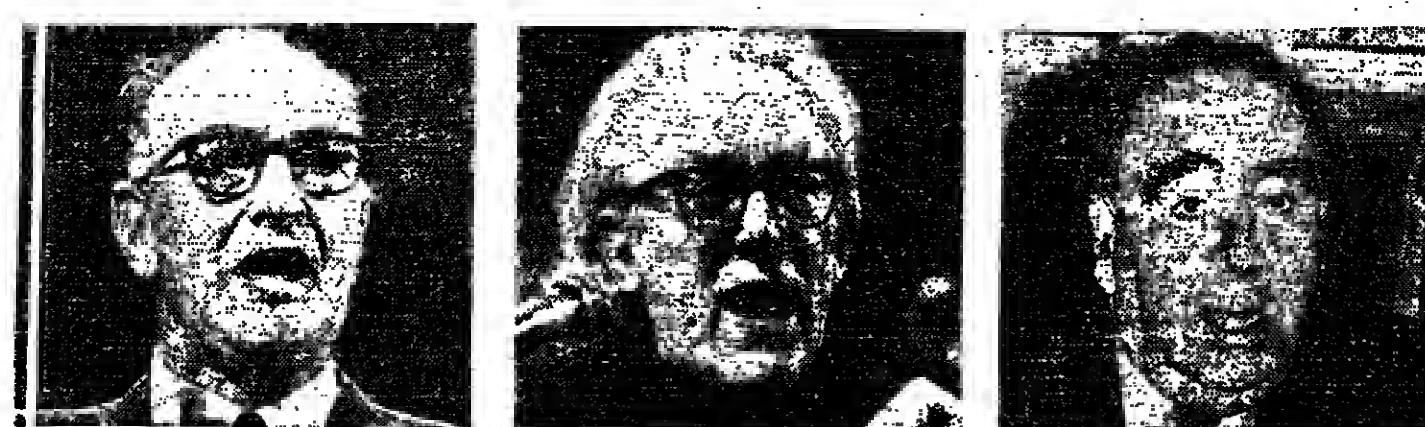
Let me say at once that I am not a shopkeeper's lawyer, and about Mr Scanlon's action or about the bizarre arrival of Lord Goodman's wire-guided *deus ex machina*. There are, however, two points which I think worth making before I pass on to more general considerations.

The first is that on this occasion the national interest happened to coincide with that of the individuals or organizations who, in effect, subscribed £55,000 to the union's funds. We would do well to remember that it may not always be so.

The second point is best illustrated by recalling the experience of Sir William Hayter, who has described in his memoirs how, when on leave from his diplomatic post in Moscow, he was dining with some friends at Oxford. The young diplomat was airing his "famous opeo mind" on the value of politics and life in the Soviet Union, who he was cut short by his old philosophy tutor with one simple question, the answer to which said all that needed to be said on the subject. "Is there," he asked, "a rule of law there?"

The rule of law cannot, of course, be considered in isolation from other manifestations of parliamentary democracy; and it is in this most general framework that last week's happenings seem to me to be most significant. A large industrial trade union threatened to take action which would, had it continued, have crippled the economy and brought with it, among other lamentable consequences, massive and lasting unemployment. That it did not continue was nothing to do with Parliament or the Government. Mr Michael Foot, whose matchless eloquence often evokes loving memories of Dylan Thomas, the Rimbaud of Clywedog Drive, could do nothing to divert Mr Scanlon from his collision course.

It is, I think, not too alarmist to suggest that such a state of affairs is symptomatic of a profound change which is taking



Three players in the cautionary tale of the engineers: Mr Hugh Scanlon, Mr Michael Foot and Lord Goodman.

place in the distribution and concentration of political influence. There is a growing tendency for power to shift away from the legislature and to be executed in the hands of such extra-parliamentary institutions as the trade unions and the civil service. It is a trend which is inevitably accelerated by the existence of a minority government, faced by a demoralized opposition.

No one, I believe, would seriously deny the simple fact that the large industrial trade unions now wield enormous political power. The National Union of Mineworkers brought down a government; the engineers' union has successfully confronted and effectively undermined the decisions of a

court of law; much of the policy of the present Government is designed to serve the interests of organized labour.

Whether these facts seem palatable or desirable depends upon the point in the political spectrum from which they are examined. What is more important is that those who find them unpalatable and undesirable are beginning to stir uneasily. The spectrum of a mixed economy has two ends; and when those who are at one end of it believe themselves to be under attack from those at the other they begin to mobilize their defences. Rightly or wrongly the City of London and the large private industrial enterprises of this country perceive a growing threat to their existence—not

only from militant trade unionism, but also from the sort of industrial relations legislation which Mr Michael Foot is believed to have in mind in the longer term, and from Mr Wedgwood Benn's plans for massive state intervention in industry.

These policies are attributed in industry and in the City largely to the predominance of the major trade unions which are believed to have achieved over the Parliamentary Labour Party and, by extension, over the Government.

This is not to suggest that modern industrialists and businessmen are preparing to defend the last ditch of anarchy. Most of them are fully aware that in

ing of the need for an individual or organization capable of putting its case to the public with some of the same lucid self-confidence with which Mr Jack Jones and Mr Hugh Scanlon put theirs. In industry there is a growing disengagement with the performance of the CBI. Mr Campbell Adamson's celebrated indiscretion during the general election campaign has served to crystallize and intensify an uneasy feeling that industry needs a more effective and articulate voice if private enterprise is not to be smothered to death in its sleep.

In the past, the British components of the large multinational corporations have in many cases achieved an admirable reputation for social responsibility—reflected in imaginative industrial relations and a concern for the environmental and social problems of the community in which they operate. Much of this concern for the "social audit" of course, springs from the roots of enlightened self-interest; and if the growing reservations about the wisdom of large scale investment in this country are translated into corporate policies, it is the British economy which will suffer.

It is not necessary to take sides between capitalism and socialism, left or right, or management and labour, to be able to discern the dangers of this kind of development. It is a certain recipe for economic disaster and eventually for a

divisive polarization in our society. If our affairs come to be conducted through a series of crippling confrontations between increasingly moodless and powerful groups at opposite ends of our industrial and economic spectrum, we shall be putting not only our prospects at risk, but in the longer term our system of parliamentary democracy as well.

What we need, and what we must try to ensure that the next general election provides, is a government with not only the will but also the power to open up our existing political and economic system in the interests of the country as a whole—to tolerate revolutionary changes in it or to allow it to be manipulated in the interests of a small section of society or the other.

Whether the money which brought the engineers' strike to an end was contributed by Mr Harold Lever, the newspaper proprietor, or the Army Benevolent Fund is largely irrelevant, except to those who are interested in the original intricacies of fact saving. What is more interesting is that we saw the first steady flames of a potentially destructive industrial revolution engulfed by private enterprise, while Parliament and Government looked on, apparently helpless. If that is really what we have come to, the gentle reader, beware the fire.

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## The slow-moving machine that defends human rights

Partially hidden by plastic screens, members of the British security forces for the past nine days have been facing rigorous cross-examination before the European Commission of Human Rights. Following fears of reprisals, the British Government has refused to allow the commission to interrogate the witnesses in person. In Ulster has had to be presented in a divorced officers' mess on a remote Norwegian airfield.

The in camera hearing, which finished at the weekend, was the most bizarre staged in the commission's 24-year history. As well as causing great discomfort to the witnesses confined to their barracks huts throughout the proceedings, it has also focused attention once again on the number of serious cases outstanding against Britain. Often the cumbersome bureaucratic machinery of the commission and the obsessive secrecy surrounding it tends to obscure the gravity of the issues at stake.

After 2½ years, the wide-ranging case made by the Irish Republic against Britain for its actions in Ulster is still far from being an open and shut case. Britain is accused of violating five articles of the European Human Rights Convention, including Article 3, relating to interrogation and Article 5, relating to imprisonment without trial.

As far back as October 1972, the commission—consisting of 15 eminent international lawyers—ruled that the case was "admissible", meaning acceptance of prima facie evidence of a breach. The hearing in Norway, and the move to Strasbourg, were intended to discover exactly what treatment was meted out to IRA suspects in the months following internment.

The witnesses flown in Norway in an RAF Britannia were mostly of Army and Special Branch officers who

Privately, a number of senior Irish officials are known to be relishing the discomfort caused to Britain.

supervised interrogation at Palace Barracks and other Ulster detention centres. Throughout the British lawyers did their best to convince the three professors hearing the case that individual instances of ill-treatment in Ulster did not amount to an "administrative practice" sanctioned by the Government. They also argued that many of the actions taken in 1971 and 1972 were in any case justified by the dangerous situation in Ulster.

Although a number of the techniques cited by the Irish—including hooding, waist-banding and sleep deprivation—have subsequently been dropped by the Army, the continuation of the proceedings remains a major embarrassment for the British. Under the unwieldy procedure, the way has been open for some months for the two Governments to reach a friendly settlement—after which the whole case would be scrapped. This could be achieved in a number of ways,

including a possible cash payment by the British as compensation for the ill-treatment alleged to have cost more than 100 former detainees.

Out of a desire to retain a post-Sunningdale bargaining card, the Irish have stubbornly resisted all attempts to settle by way of court. Claiming that it is too late to stop the international machinery now in motion, the anger of the British at the refusal to compromise was voiced last month by the former Attorney General, Sir Peter Hain. "The persistence of the Government of the Republic in pressing these accusations causes intense resentment to those who have had and owe a heavy responsibility," he told the Commons.

Privately, a number of senior Irish officials are known to be relishing the discomfort caused to Britain by the continuing proceedings and the elaborate security being insisted upon to protect witnesses.

When all the evidence in the present case has been heard (a hearing inside the Republic is already being planned), the commission will then prepare a lengthy report stating its opinion on the allegations. That will mark another landmark, after which the matter will be referred for a binding decision to the European Court for Human Rights. If nothing happens within three months, the Council of Europe's influential Committee of Ministers must then take a decision on it.

In practice, one of the interstate cases heard by the commission has ever reached the court; all have been settled before that point. For example, a political solution to the Cyprus question was reached during the proceedings. Cases brought against Britain by Greece in 1956-57 and the proceedings were dropped without their merits being examined.

"Ratifying the Human Rights Convention is a voluntary act as far as a government is concerned," explained the commission's secretary, Mr Anthony McAlister. "The moral sanction against anyone found guilty of a breach has been much more effective than any legal action which may eventually be taken."

Christopher Walker

Michael Leppman sends another report from Chicago:

When you last heard from me, I and eight other reporters were being taken to meet members of Chicago's heart disease prevention community and being told how risky it was to eat too much of anything which contains cholesterol and saturated fats. (The visit was being paid for by a firm making a margarine low in cholesterol and saturated fats.)

Since then, nothing has happened which significantly changes the story. We have been told of the dangers by more and different people. We have been given a closer glimpse of programmes designed to provide conclusive proof of the risks and to persuade people to change their diet and other habits accordingly.

One handicap which the evangelists labour under is the lack of any really unchallengeable evidence showing just what specific habits encourage heart disease. It is not just makers of dairy products and cigarettes who have their doubts. A recent book by two respectable doctors argues that what they call "Type A behaviour" is the crucial factor and that those who do not conform to that behaviour pattern are not at risk, no matter what they eat or smoke.

In this context, a study started this year is of importance. It is called the Multiple Risk Factor Intervention Trial, which is verbalized quaintly but a little misleadingly into Mr Fit. It is a national project involving 12,000 men in 20 American cities.

The men chosen will be selected because they are among the 15 per cent of people at highest risk of heart disease, judged by the high level of cholesterol in their blood, their consumption of cigarettes and



Bobby Fischer: after Reykjavik he seemed to lose interest.

## Is chess to lose its superstar?

When Robert James Fischer crushed Boris Spassky to become, on September 1, 1972, the world chess champion, it seemed that a new golden age was about to dawn on the royal game. Fischer, the highest rated player, the ego crusher, the all-American boy, promised to put up his title at least twice a year.

Players, professionals and woodpushers alike, looked forward to a plethora of scintillating games, full of invention and innovation which would expand chess knowledge.

Commercial concerns looked forward to increased profits as the strangest American hero of all time cheerfully collected their cheques as he promoted their products. Fischer was to become the richest and most famous chess player in the history of the game.

Unfortunately that did not happen. For Bobby Fischer has not moved a single pawn in anger since the day he achieved his life ambition and wrested the crown from the Russians whom he distrusts so much.

Since his victory, Fischer appears to have been consumed by and of the Worldwide Church of God, a closed, fundamentalist, California-based religious organization which celebrates the Sabbath on Sunday and adheres to the dietary laws of the Old Testament.

But Fischer, according to American reports, had upset strict elders of the church by receiving privileges which are

not normally accorded to an acolyte. Not unnaturally, when the head of the church, Garner Ted Armstrong, realized how famous his convert was he ordered special treatment for the star of Reykjavik and made a well-appointed flat available to him.

After Fischer had offered to pay 20 per cent of his income as a tithe, instead of the compulsory 10 per cent, the elders relaxed their rules to the extent of allowing him to date a girl who was a non-believer. But they were always accompanied by a chaplain.

Fischer, 31, who had devoted most of his adolescent and adult life to chess, appeared to lose all interest in the game and even declined a dinner invitation by Dr Henry Kissinger on the ground that he was "too busy".

After returning from Iceland, Fischer seemed embarrassed by the publicity and adulation which surrounded his every action and after making an impulsive appearance on the Bob Hope show he disappeared into the monastic privacy of the Worldwide Church of God headquarters at Pasadena. A private security force employed by the church ensured that he was protected from journalists and other unwanted visitors.

He emerged in a flurry of fan worship last October when he flew to Manila as the guest of President Marcos and exchanged a few chess moves with his host at the beginning of an international tournament. Then he returned to Pasadena.

His behaviour and inactivity have led to rumours that he will not defend his title, as the rules insist he must, next year against the winner of the challengers' tournament.

Victor Korchnoi of the USSR has already defeated former world champion Tigran Petrosian in one semi-final and in the other Spassky was defeated by his fellow countryman Anatoly Karpov, regarded by some as the player most likely to give Fischer problems over the board.

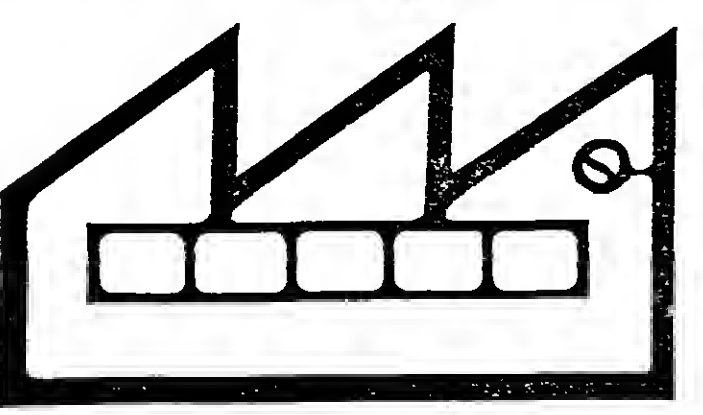
For Spassky, 37, the outwardly calm and immaculate chess genius, defeat at the hands of Karpov was a hard blow. When he returned to Russia after losing the crown and his country's supremacy at chess to Fischer he was heavily criticized in the Soviet press.

As the candidates still battle for the right to challenge, no one knows whether Fischer will defend his title. And even if he decides to, will any country or sponsor be able to meet his incessant demands for more money and "perfect" playing conditions?

No one knows the answers to these questions. Chess fans can only agree that, if Fischer is dropping out, the game will be poorer for the passing of its only superstar.

Tim Jones

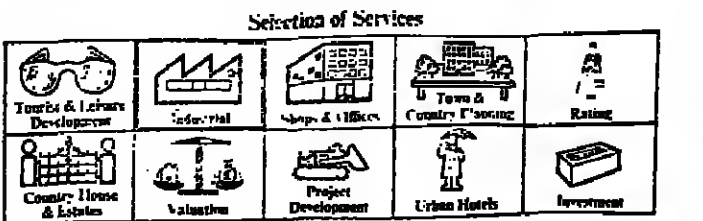
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## The Times Diary

A heart-to-heart with Mr Fit

their high blood pressure. They will be divided into two groups of 6,000.

One group will receive the normal medical treatment given to people at high risk of heart disease. The other will take part in a strict programme aimed at reducing the risk factors. Their diet will be controlled; they will be helped to give up smoking; and there will be treatment for hypertension and high blood pressure. At the end of six years the incidence of heart attacks in the two groups will be compared.

Soft sell

A much smaller project in Chicago, run by Dr Jeremiah Stamler and Dr Oglesby Paul of Northwestern University, has just ended after 15 years. Stamler is still working on the final report, though the absence of a control group means that his findings will not be accepted as conclusive.

We were shown some of the audio-visual material used on subjects in that study, made with the verve which Americans customarily bring to the art of proselytising. "Get acquainted with your heart," it began, showing a motif of bears and flowers. There was a jolly cartoon portraying arterio-sclerosis creeping up on you and a graphic portrayal of a test which involved feeding monkeys on a typical American diet of hot dogs and cream cakes. Their arteries hardened.

The material was notably free

from alarmism. The soft sell technique was deliberately used, we were told, because the aim was to persuade people to make a permanent change in their eating habits, rather than worry them into making too drastic a change which might not be permanent. The word diet, with its connotations of giving things up, was eschewed in favour of "new heart-saver eating style".

Thus the emphasis was equally on what foods were suitable for a healthy heart as on what were unsuitable. There were close-ups of the typical American diet of hamburgers, steak and chips, ice-cream and cheese, which must still look more mouth-watering than the photographs of fish, fruit and vegetables which are recommended in their place.

Similar presentations—using colour slides and a tape recorded commentary—are designed to persuade people to stop smoking and to demonstrate ways of avoiding hypertension. One indulgence which remains unassaulted is drinking, at least in moderation.

Loud sell

Needing an escape from all that, I spent an afternoon at the National Computer Exhibition in Chicago. Computers and trade exhibitions are two activities in which the United States leads the world. I thought, therefore, that it would be an overstimulating American experience, and it was.

There were other showbiz touches. At a trucking firm's stand appeared with a bare midriff was giving away cigars and

lapel buttons bearing a crudely suggestive slogan. As I walked past another stand a woman cried: "Would you like one of our lamps?" and fixed a badge representing a lamp to my lapel. I do not know whose computers I was advertising by wearing it.

Newspeak

As I say, it was all in great contrast to the dry inhumanity of the goods being sold, and to the impenetrability of the language used to describe them in the promotional literature.

Like this: "The field is time multiplexed to provide three necessary functions: the basic digitize function, the basic digitize function, and the pen near detect function. The vectorable incorporate anti-toggling and overscale features as well as an adjustable margin capability. It uses a potentiometric feedback technique where the stylus senses only an error value."

I had hopes of one stand which proudly boasted a computer system that spoke English: called Reality. "You start it working," said the literature, "with short, conversational, simple English statements." I looked at its screen and saw "pneumatic mattress." I understood that, but the next two words were "wight" and "transipal" and what sort of conversational English is that?

Finally there was an exhibition of computer art—patterns and designs created by computers. They were unsurprising, and neither was I moved by a display of "an environment of moving electronic sound and colour," which, according to the notice, "imagines modern industrial technology with the aesthetic concerns of the artist." This was a display of dazzling patterns on screens, a few shift-

ing pieces of metal and annoying background whine. On the bus back to the centre I sat next to a man whose job was to find people to work in the computer industry. "What you saw in the only the surface," he said. "There's nothing they can do with computers. They can show what they really can because they are still working on some of it and they do want their competitors to know."

He handed me a puzzle which involved getting a piece string through a hole in a card which appeared impossible. "Enhance your career," it said on the card. "It is a simple logical problem," said the man. "If you can do it, it shows you have the kind of logical mind you need for a career in computers." I could not do it. It seems I am stuck with the column for a while.

Quick books

American publishers have again shown their remarkable speed of production with Watergate tapes. Just six days after they were released, two paperback came on the market simultaneously. Bantam printed them with a commentary by Ron Apple, of the *New York Times*, and Dell had some copies at 50¢ each. They are on newsprint, but will turn yellow, and I want to keep the remarkable document for posterity.

PH





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## THE OFFICE OF PRESIDENT

Mr Nixon's position as President seems to be deteriorating faster and faster. Publication of the Watergate tapes has opened a floodgate of criticism. The nation and the newspapers which, day by day, swell the chorus calling on Mr Nixon to resign, are not isolated. They represent the views of his own constituency, the cardinals of loyal Republicanism. How far Mr Nixon's support has crumbled in recent days is shown by the press conference, which was the air of a last resort about given by his daughter Julie Eisenhower at the weekend. Her reply to her father is, in itself, admirable. But was there no one among Mr Nixon's political supporters available to convey a message with conviction? The message which Mr Nixon's daughter gave the nation was that her father will not resign the Presidency. It remains a stronger "no" in his resolve to stay in office and see his term out, repeating in her own words an argument which Mr Nixon has himself adduced on previous occasions, which is indeed the plea of the White House in defence of the President, she

said: "I feel very strongly it would be a bad precedent for a President to resign under these circumstances in which there have been no criminal violations." The argument that resignation by Mr Nixon would be extremely damaging to all future incumbents of the White House is not without substance. Mr Nixon sees the danger in charge being whipped up which might be quite unfounded, which the press and television could then distort and magnify, and political opponents exploit. In such a situation, given the precedent of a resignation now, a future President might, so it is argued, be forced out of office.

But in the present circumstances there is bound to be damage to the Presidency in any case. There is no way Mr Nixon can save his office from the contamination of Watergate, only ways in which the damage already done can be kept to a minimum and prevented from spreading further. Resignation has the obvious advantage of sparing the nation from the drawn out public agony of an impeachment.

The precedent that resignation might set is not of the kind

described by Mr Nixon. The Watergate affair is altogether too extreme. It is not just a matter of political opponents seeking to gain an opportunistic advantage. The ramifications of Watergate go both wide and deep, raising questions of confidence in the President, his advisers and his administration, and their respect for law and liberty. They have brought about a situation in which the President's ability to continue to function effectively is open to serious doubt.

The alternatives which Mr Nixon faces are stark: resignation, or impeachment (for it seems most unlikely that if he shrinks from the former he can evade the latter). It is certainly in Mr Nixon's temperament as a fighter to go the whole way, as his daughter intimated; and there is weight in the argument that the Presidency is best protected by allowing constitutional procedures to take their course. But he must reflect that if it comes to the office of the President would not escape grievous harm, and the nation's ordeal would be long drawn out, whether the Senate in the end convicted him or not.

## RETURN OF THE DISSIDENTS

reappearance of the dissident *Chronicle of Current Events* in the Soviet Union is a matter of some significance. It is published fairly regularly in 1968 to 1972, and the fact that it was not suppressed was seen by many people as a sign that the Soviet regime was becoming a little less frightened of intellectuals, a little more willing to allow them some conspicuous channels of communication among themselves, perhaps even that campaigns for the observance of legality and an echo among sections of the apparatus, which suffered avily from the arbitrary terror of Stalinism.

In 1972, however, came the up-down, with interrogations, tests and trials. Assumptions were revised. The regime appeared less secure than was thought, or perhaps just more surely a prisoner of Russian traditions. Its prestige abroad suffered accordingly, and new

doubts arose about whether international détente would have the liberalizing effect on the Soviet system for which some of its proponents had hoped. Incidentally in Czechoslovakia there were parallel moves against unauthorized journals which appear to have been equally in vain, since publication continues there too.

The courage of those who produce these journals is remarkable. The need for communication of this type is clearly very great among a small but significant number of people who take their role as seriously as it is taken by the authorities. The reaction of the regime should therefore reveal something important about the constellation of forces in the Kremlin.

Another wave of arrests would confirm indications that in its present phase the Soviet leadership puts internal security before scientific, intellectual and cultural progress, since progress

depends on some tolerance of intellectual diversity. Relations with the West would be affected, and this could have implications for the current negotiations in Geneva, where the Soviet Union is, in effect, being asked to loosen up slightly in exchange for confirmation of its postwar gains in Europe.

Perhaps the Soviet leaders will see this. Perhaps the second time around, they will see the existence of the very limited dissent contained in the *Chronicle* can do them more good than harm, both at home and abroad. It can show that the Soviet Union is just that little bit more secure and enlightened than it used to be, and just that little bit more respectful of the rights enshrined in its constitution. It can show that there is some development in a direction that will make for easier and more secure relations with the West. Perhaps this will be recognized. One can only wait and see.

## MR BHUTTO IN PEKING

Mr Bhutto's current visit to Peking could lead to a reassessment of the relations between Pakistan and China. As seen from Pakistan the value of this friendship has always been in the support Pakistan could enjoy from China in any conflict with its powerful neighbour India. A point was illustrated in the last night when Mr Bhutto, on the departure of the Indian chargé d'affaires because Teng Hsiao-ping had repeated an after-dinner speech China's support for self-determination in Kashmir. By attacking the Indian, Mr Bhutto emphasized case and spurned the Indian. China has not yet shown any intention of departing from the port that was given to Pakistan in the crisis of 1965 and in the crisis over Bangladesh. On that occasion China as a new newcomer to the United Nations was willing to exercise a veto against the admission of Bangladesh. But this Chinese rested on more than loyalty.

to Pakistan. The Chinese took a strict view of United Nations resolutions and of the rights of any nation.

Nor was their friendship with Pakistan simply an outcome of conflict with India over the border. When the Sino-Soviet dispute grew acute Pakistan was drawn away to the Middle East, Africa and Europe. At that time Pakistan also sympathized with China against the United States. Now the balance has changed and China can welcome Pakistan's revived interest in Canto. Yet that landward defence alliance against Soviet power has lately been superseded by super-power expansion into the Indian Ocean. The Chinese have become exercised about that.

They seized this week on a book by the Soviet Deputy Defence Minister and Naval Commander-in-Chief Gorskikh. "Soviet revisionist contention with the United States: a maritime hegemony", said a commentary from Peking radio, "is an important aspect in the contention for

world hegemony between the two super-powers. Such contention is very acute and uncompromising, although the two sides sometimes talk glibly about détente and brag about having reached agreements. These are all deceiving." And the Chinese conclude that such contention "will inevitably end in a solution by force."

If this is what they fear how will the Chinese treat the problem of the Indian Ocean, a problem that has been thrown into relief by the Middle East oil crisis? The Indian Government expresses concern but concentrates on the United States as the unwanted intruder. Bangladesh and Ceylon follow this argument. But if the Chinese now feel free to recognize Bangladesh and even, possibly, to restore relations with India, will they now follow the logic of their case in protesting against the foreign super-powers? Without forsaking their friendship with Pakistan, the Chinese may before long have to treat the region as a whole.

## avid Wood

## Making MPs' interests more respectable

Macaulay's principle that it is a wisdom to open wide the door to the forces which will sweep through the land even some of the avowed purposes and unavowed consequences of obligatory declaration of MPs' financial interests are now ready to put the Government's proposal of a register showing how the piper he paid for his tune.

During the next two weeks the House of Commons will decide whether the creation of a register of the assets of every MP's income, and will then decide whether or not to longer be taken for granted; he will be honourable under of whatever sanction is decided, no matter how sturdy his spirit. The House of Commons formally accept the axiom that love of money is the root of all evil service.

dangerously narrow and ideological now see that the safest course is to go public and hold their ground. For there is no doubt that some of those who are loudest in demanding that every substantial company or organization needs to keep abreast of its competitors by enlisting a member of its board, or as an adviser, and members will be presented with an embarrassment of choice.

Nor, as anybody at Westminster knows, will members on either side of the House be reluctant to accept. They will see their colleagues, as formally recorded in the public register, holding the gorgeous breweries and chemical conglomerates in fee without loss of public respectability or political reputation, because it is all open and above board and unrebuked by the House. They will see that the House, they too, should not draw the approved supplementary benefits of public service. Prime Ministers forming an administration and Opposition leaders garrisoning a front bench, like Mr Wilson and Mr Heath this year, will find an occasional man of promise unwilling to serve because he fears the collapse of his finances or prospects.

Consider the Liberal group of MPs, who have had a voluntary register for seven years. There is no evidence at all that it has discouraged them from continuing or developing outside financial interests; it has

rather announced their availability for directorships and appointments, or for radio and newspaper journalism. That is the unintended paradox. If it is a consequence that they can scarcely have been intended: most of the sound argument for giving better pay and logistic support to members will be sapped and undermined. When the public register shows that a very high proportion of members has collected directorships and consultancies, there will be no plausible case for the taxpayer's sending coals to Newcastle, or for his providing expensive Westminster office blocks, complete with secretarial and research staffs, so that outside financial interests of MPs may be more zealously pursued. Much as Mr Harold Macmillan preserved the House of Lords by inventing life peers so Mr Edward Heath may prove to have devised a formalization of MPs' interests that will encourage what he seeks to curb—a part-time House of Commons.

What of the scope of the register? Is it to be covered by the register? Is it to be a register of every schoolboy knows that a list of directorships is meaningless and sometimes misleading. If directorships, why not shareholdings; and if shareholdings, why not loans, gifts to a constituency party or association, and benefits directed in a roundabout way to a member's family? Is it enough to know that a member is connected with Lloyd's, or must you know the income he draws from Lloyd's?

These are deep and difficult practical questions for decision. Nor are overseas models for the declaration of interests much help. The United States Senate and House of Representatives probably have the strictest code of ethics for financial disclosure in the western world. They have notoriously provided no guarantee against corruption. Sweden makes all tax assessments public and the former gives generalized information about income of less worth than Britain's own reference books provide about our MPs. West Germany's rules are too new to have proved a success or a failure.

But let us still be guided by Macaulay and welcome a register. Some good may come of it though not I suspect the good its authors now have in mind.

## The inflationary menace

From Lord Seabrohm  
Sir, "Unless we can somehow halt the accelerating inflationary trends in our economy, the resulting political and social strains may be too violent for the fabric of our democratic institutions to withstand." So said Mr Healey on Budget Day and with that we all agree.

Predictably, common sense was contradicted within minutes by the first of a series of policy decisions which can be said to have brought about the inflationary fire and others have followed in its train. The assault on saving and enterprise—corporate as well as personal—leads inexorably in this direction via the resultant switch of resources from savers to spenders, from investment to consumption, from the enterprising to the inefficient, with the prospect of more inflation in the years during the present financial year and their staggering reinforcement should these policies win electoral support.

Surely, the time has come when politicians of all brands must cast aside their sectional interests and present to the people the true facts of the inflationary menace which has them in its grip. There must be an end to electoral manoeuvres and newspaper palliatives which are treating the wrong disease. Inject a sease of realism through the various media, particularly television, so that the public may at last understand that inflation is not to be countered by heaving its burdens on the shoulders of others, that one man's wage increase is, in our situation, another man's price rise—or, if the latter is appreciated, merely, another man's unemployment.

We might make a start by pressing home the fact that the rise in price of oil has nothing to do with our money supply, but represents a reduction in our standard of living for the long term. It is not to be confused with the rise in price of commodities prices (for we cannot borrow for the lot), perhaps with the rider that this transfer of wealth from us to the Third World is, in respect of some of the beneficiaries, long overdue.

Unless the common belief that personal and social consumption can be increased is shown to be a hope for the future and not a practical proposition for today, we will indeed be confronted forcibly with the truth of Mr Healey's warning.

Yours faithfully,  
SIR JOHN MILLER,  
House of Lords.  
May 10.

## Mr Foot's pay

From Mr Keith Brown  
Sir, Mr Foot's salary will feel that he is overpaid at £13,000 a year, but the job that he does is certainly worth that figure and even more, although he may well feel that he does not earn it.

Mr Foot's position is typical of Socialists in which he presides equally in all things. He maintains that the gap between those responsible for management and those on the shop floor is much too wide. Perhaps he has forgotten that the tax rate on a salary of £13,000 a year is more than that of £3,000 a year and, therefore, it is totally wrong to compare gross salaries. However, the real point is that those who create jobs for others, who take risks and bear tremendous responsibilities, as well as not watching the clock, are entitled to the proper rewards.

The main trouble is that there is not enough encouragement for young management, and even for its management, in the tax structure and in the way in which we are taxed far too much, which means that gross salaries always look too high in comparison.

Industrial relations in this country will never be solved by pay structures while people like Mr Foot encourage the crowd of greed and jealousy. We must all realize that we cannot do without one another and that we are all dependent on each other for jobs and our living. That is a fundamental part of life and it is easy to forget.

Yours faithfully,  
KEITH BROWN,  
16 Pine Drive,  
Ingatstone,  
Essex.  
May 10.

## The AUEW strike

From Mr William Douglas-Home  
Sir, There are two kinds of schoolboy. One comes out of the Headmaster's study, his cane, saying "Matron put her backside in his way deliberately and anyway his right godfather will be bringing down another caspuit next Saturday." The other comes out happy in the knowledge that he made a good shot, deserved what he got and with his conscience thoroughly at rest. I know which I prefer and his name is not Scanlon.

There are, furthermore, two kinds of prefect. One who backs up the Headmaster since he knows that justice has been done, the other who denounces the Headmaster's action in a bid to bolster up his popularity among the lower school. I know which I prefer, and his name is not Foot.

The truth is that when Mr Foot describes a judge as "tragic" happy and when Mr Scanlon writes out of punishment, the general reaction, far from being laudatory, is one of utter contempt. And not only among law-abiding citizens, but also among law-breakers.

I spent a year in Wormwood Scrubs in 1944 and what impinged upon my consciousness, above all else, was the profound contempt in which my colleagues held not only prisoners whose sentences, in their view, fell short of their just deserts, but also judges who, in their opinion, fell short of their duty in the imposition of those sentences.

I am, Sir,  
WILLIAM DOUGLAS-HOME,  
Dayton House,  
Easton Meon,  
Hampshire.  
May 9.

## LETTERS TO THE EDITOR

### Press scrutiny of public affairs

From Mr John Duncan Miller  
Sir, As your Correspondent in Washington during the heyday of McCarthyism, I would like to protest against the growing tendency (particularly prevalent in England) to belittle the Senator's evil reputation by using his name as a general term of abuse when replying to criticism or commenting on the publication of information, whether true or false, which is embarrassing to politicians.

History awards that proud suffix "Senator" sparingly than any sovereign award. The Order of Merit and Mr McCarthy did not get his by making precise statements about individuals any more than the Marquis de Sade earned his giving a naughty schoolboy six of the best. He got the accolade for the invention—probably by accident, as he was not very bright, only an infinitely unscrupulous opportunist—of an original technique to which it took a long time to find the answer.

That technique was to make wholesale accusations of communist sympathies, totally unsupported by evidence, against an ever-changing total of State Department officials (in the course of a month the number of people working in the Department whose names he had "in my hand" and who were "known to the Secretary of State as being members of the Communist Party" was successively 206, 57, 81 and 106) whose names he never divulged, and to be so successful that he got away for some years with accusing General Marshall of being a traitor and so scared President Eisenhower's Administration that Mr Dulles was driven into any number of ignominious retreats and betrayals of his staff.

It was a remarkable achievement and one that rightly earned him his immortality. But what it has done with the behaviour of some English newspapers, over "reclamation" affairs, I do not know. Yet I read that Mr Denis Healey said some weeks ago that "there is no doubt, I think, that some of the newspapers have behaved in a way reminiscent of the worst days of McCarthyism in the United States."

At first I thought that this meant that Mr Healey was under the impression that McCarthy was a newspaper himself but probably he was only suggesting that the American press supported him. With that exception, Mr Healey's remark (which, during the reign of Colonel McCormick, was typical of nothing but himself) is an important newspaper

supported him and it is a gross libel to imply that they did. What the press did was to report what the Senator said, assuring, until they learnt better, that what the duly elected representative of the people of Wisconsin to the senior legislative body of the United States asserted was worth reporting and must have some factual basis. Presumably the duly elected representative of the people of Leeds, East, would approve such an attitude.

I have spent three of the past six months in the United States and have been profoundly impressed by the performance of the American press in the Watergate affair and its tribulations. The courage of Mrs Graham in deciding to print and be damned when any mistake would have meant disaster is now widely recognized. What is not yet fully realized is that of the hundreds of stories published by *The Washington Post* (and by *The New York Times*, *The Los Angeles Times*, *Newswatch* and *Time*) to name only some of its supporters) not one has yet been disproved. This is surely evidence of a high degree of responsibility on the part of the press.

Naturally, politicians in other countries have studied what has been happening in the United States. But I fear that, certainly in England, they seem to be drawing the wrong conclusion. The real lesson of Watergate is that a free, responsible and energetic press is vital to a country's public health. The lesson being learnt in England (by politicians of both major parties) seems to be that the press should be used to bully the press into silence, or even submission, by wholesale accusations, totally unsupported by evidence, of McCarthyism.

Yours faithfully,  
JOHN DUNCAN MILLER,  
Cartocchini,  
07620 Porto Cervo,  
Costa Smeralda,  
Sardinia, Italy.  
May 3.

From Mr Michael Hamlyn  
Sir, It is not true, as Sir Robert MacLennan and Mr Lewis indicate (May 10), that all the major press outlets have their freedom of fair comment to get their facts right. They have to be in a position to prove in court that they have got their facts right. There is a considerable difference. Yours faithfully,  
MICHAEL HAMLYN,  
51 Leinster Park Avenue,  
SE26.  
May 10.

### Student conflict

From Mr Gareth Daniel and others  
Sir, Alan Watkins's policy, advocated in the *New Statesman* (April 26), by which political commentators boycott student organizations until such time as the National Union of Students reverses its policy to disrupt "peace" and "racist" meetings, has already been being put into effect by his colleagues, and, no doubt, Bernard Levin's endorsement of this policy (*The Times*, May 10) will lead to more invitations from student organizations being refused. We reject the NUS policy and we do so heartily as Mr Watkins and Mr Levin do and we believe that the vast majority of students agree with us. Nevertheless, Bernard Levin's rather vague call to those who disagree with the policy to "take themselves and their cause to the streets" and "claim to represent them" will leave the majority of students wondering what they can possibly do to remedy the situation.

It is possible that a special NUS Conference might reverse its decision, but this is unlikely, for the problem in the NUS is the method by which delegates from universities and colleges are elected. As was pointed out in *The Times* of April 9, the Oxford delegation to NUS this year has represented a fair cross-section of opinion within the university because it was chosen in a university-wide election in which four thousand students voted. Most delegations at NUS conferences are elected in this way. The NUS will change and will reject consistently the university policy, but it will not change only when every university and college changes its student union constitution to allow a university-wide election or when effiecient universities and colleges do so.

It is not possible to insist on such a change. This will take time, and if we are to be deprived of Bernard Levin, Alan Watkins and others until it is achieved, we shall not then be the near future. Those students who want to rouse themselves must begin to campaign now within their unions and within the political organizations to which they belong to work for this long overdue reform.

But would it not be better, if, in-

stead of boycotting student meetings, political journalists and others invited to address such meetings were to come to speak and to express the views that they hold so strongly about free speech and the NUS infringement of it? Would it not be more constructive if they gave support and encouragement to those who shared their views? Perhaps Mr Watkins and Mr Levin might think again.

We join in the condemnation of the action of those members of our university who disrupted the meeting addressed by Mr Harold Sorel yesterday evening (May 10). Oxford students cannot, however, be held responsible for the actions of a small and unrepresentative minority. The meeting to which your correspondent refers (May 11) which endorsed the NUS policy was an incoherent one and therefore had no validity and was entirely unofficial. The official policy of the Student Union was clearly defined at a meeting of its Council yesterday afternoon in terms of strong disapproval and condemnation of the NUS policy and those who seek to implement it.

In Oxford we have adopted a thoroughly democratic method of electing our NUS delegation. We went to the Liverpool Conference a delegation that opposed the NUS Executive's policy on this matter. Our Student Union has not been involved in any way in the policy. Many separate Junior Common Rooms have also come out against the policy. The Oxford Union Society passed a similar motion last Thursday. In our letter to you we have done what we can to rouse students in other universities to action. It is difficult to see what more we can do. If Mr Levin and his friends will not lift their ban, will they not at least make exceptions of universities such as Oxford, which have "roused themselves" even before being called upon them to do so?

Yours faithfully,  
GARETH DANIEL, President-elect,  
Oxford University Student Union.  
MICHAEL SOULE, President,  
The Oxford Union Society.  
DAVID SOKEN, President, Oxford University Conservative Association.  
RICHARD PINE, Chairman,  
Oxford Union of Liberal Students.  
JERRY FITZPATRICK, Chairman,  
Oxford University Labour Club.  
Jesus College,  
Oxford.  
May 11.

### An independent Ulster

From Mr P. Flynn  
Sir, There has certainly been no dearth of political ostrichs in recent years to help solve the apparently intractable problem of Northern Ireland. This is the more remarkable since, in a period of nearly 50 years, the strange bourgeoisie of democracy in that part of the British Isles was rarely cited in the press.

The most recent political thumacher, Mr David James, in his proposition for an independent Ulster (article, May 9) is at pains to point out the fragmentation of one of the oldest mother countries of Europe. He indulges in a couple of analogies which are truly contrived: the division of Ireland compared to the dual nationhood of the Iberian peninsula or the precarious unity of Belgium. It seems to me a mere (mere) Irishman that a more accurate parallel could be drawn between Northern Ireland and that historic part of the province of Leinster, the Pale, which was created by the Statute of Kilkenny in the fourteenth century to secure the privilege and dominance of the English settlers. Of the statute a distinguished historian wrote: "Conceived in hatred, the outcome of failure and disappointment, it sought to bring together the English and Anglo-Irish to the exclusion of the native Irish, and to have the

native Irish and the Anglo-Irish in perpetual conflict." It was barren of useful results and through lack of external support the Pale was gradually absorbed into the corpus of the nation. Britain has, in her own time, absorbed many settlers without any form of external coercion.

Yours faithfully,  
P. FLYNN,  
245 Malden Road,  
New Malden,  
Surrey.

### Wrapped up in The Times

From Major-General Sir Alec Bishop  
Sir, Some years ago, when staying as a guest in the Government Houses (Raj Bhawan) of certain Indian states, I noticed that the chests of drawers in the guests' rooms were often lined with air mail editions of *The Times*, which had presumably descended to this more humble role from the Governor's library or study.

There seems, Sir, to be no end to the uses to which *The Times* is put. Yours faithfully,  
ALEC BISHOP,  
Schloss Freudenberg,  
6343 Zogkreuz,  
Kanton Zug,  
Switzerland,  
May 8.

## One pension plan after another

From Mr H. Kidd  
Sir, I am responsible for the management of two small pension schemes, and am a member of the executive body of a very large one. Not long ago I had to devote a good many hours to the study of Mr Crossman's pension scheme, and the way in which the schemes which are my concern might be adjusted to it. Mr Crossman's scheme was discarded. I have since had to devote even more time to the adjustment (not improvement) they did not need it) of my three schemes to the Social Security Act, 1973. That has joined the Crossman plan in the wastepaper basket. I shall before long, no doubt, be expected to devote further time to adjustment of pension schemes to the Castle plan.

While doing so, I shall be all too conscious that the Castle plan is likely to join the others in the wastepaper basket, for the time taken by the drafting of pensions legislation, its discussion with interested parties, its enactment and the necessary interval before it can be brought into application inevitably exceeds the lifetime of any one Parliament. I recognize that some aspects of pensions are of a technical nature; but there is no common ground between the parties? Is it not possible for them to agree on a sensible Butskallite scheme, reasonably acceptable to most reasonable people, or, if that is much, on the basic framework of future legislation on the subject?

Only in such a way is there much chance of restoring the shattered morale of those of us who have to deal with the pension schemes some result from our labours, and of some government pension plan actually getting off the drawing board into production. Yours faithfully,  
HARRY KIDD, Barsar,  
St John's College, Oxford.

### Retired civil servants

From the Chairman of the Association of First Division Civil Servants  
Sir, Frank Logan's letter in your issue of May 9 expresses views about Sir William Armstrong's appointment with the Midland Bank which seem to me quite unreasonable.

First, the two-year rule is intended to ensure that there is nothing improper in such particular cases, not to stop willful desertions, or leaving the public service, taking other employment. There may be a presumption that particular care should be taken when the other employer concerned is one with whom the official, or his department, had official dealings, but there should be no presumption, even in such a case, that permission should be refused.

I do not think the Midland Bank has any contractual or other close relationship with the Civil Service Department, which Sir William has worked with distinction since 1968. And even if it had, if two Prime Ministers were satisfied, what ground is there for arguing that the appointment should be disallowed?

In general, the Civil Service has not contested the right of retired civil servants to take other employment, but this is on the assumption that the rule is to avoid abuse, not to prohibit. It would be a gross infringement of the rights of individuals to introduce an effective prohibition, on no objective grounds, even if only for the highest ranks.

Perhaps I should say that Sir William is not a member of my association; I am seeking to defend a principle, not an individual.

I am, Sir,  
Your obedient servant,  
D. M. J. GWINNELL, Chairman,  
Association of First Division Civil Servants,  
65 Victoria Street, SW1.

### 'Unearned income'

From Mr L. Hobbay  
Sir, One hopes that the Labour Party, in its dislike of investment and inherited income, will before the autumn Budget spare a thought for the plight of thousands of single women who take care of their elderly parents, and who in giving up their jobs have also given up all chance of making savings for use when they themselves are old.

Parents also have their pride, and would like to see that their capital can be passed on to save their daughter's destitution. Yours faithfully,  
L. HOBBAV,  
Battlemore Road,  
Evesham, Worcestershire.

### London allowances

From Mr Roger J. Howes  
Sir, It has recently been estimated that the average extra cost of a two-bedroom, semi-detached house in London, as opposed to the provinces, is five thousand pounds. If one accepts this estimate, and agrees that a building society will probably allow a man on a salary of three times his annual salary, it follows that for a London teacher to have accommodation comparable to that of his provincial counterpart he needs a London allowance of at least £1,600.

If this calculation presents any approximation at all to reality it is clear that very radical changes in the provision of accommodation for teachers and other public servants will have to be made if essential services in London are not to find themselves in difficulties of frightening proportions. Yours faithfully,  
ROGER J. HOWES,  
16 Aspen House,  
Dingle Lane,  
Solihull, Warwickshire.

### Ink with everything

From Commander Sir John Best-Shaw, RN (ret'd)  
Sir, This is nothing new. There was a song going round the music halls before the First World War, I think, called "Paper Bag Cookery" making the same complaint. The last two lines were:  
"What really takes the biscuit is  
"Ward Allen on the Brig,  
And the Vision of Salome to the  
"Soug."  
I am Sir your obedient servant,  
JOHN J. K. BEST-SHAW,  
Boxley Abbey,  
Maidstone, Kent.







# THE TIMES

## BUSINESS NEWS

### £200m exports to Australia and Far East held up by lack of ships

By Michael Bailey  
Shipping Correspondent

A boom in British exports to Australia and other distant markets is seriously threatened by shipping delays, described by exporters as the worst since the war.

More than £200m of goods is believed to be delayed at the docks and container yards.

The volume of exports to Australia and other distant markets is seriously threatened by shipping delays, described by exporters as the worst since the war.

As a result, exporters are being forced to wait six to eight weeks to get a space on a ship to Australia and other distant markets.

Exporters complain that not only is existing business being delayed, but new orders are being lost.

The situation is so bad that a lack of shipping space is being offered at a premium of 50 per cent above the going rate.

Non-container goods are being delayed by up to six weeks, while container goods are being delayed by up to four weeks.

A typical reaction came from John Johnson, a substantial exporter of British foodstuffs to the Far East.

Mr Johnson said: "The situation is so bad that a lack of shipping space is being offered at a premium of 50 per cent above the going rate."

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### Prices panel attacked on attitude to exemptions

By Hugh Clayton

Mrs Shirley Williams, Secretary of State for Prices and Consumer Protection, is considering whether to act on complaints from industry that the Price Commission is cancelling out the benefits of one of her main price control concessions.

A new look at state participation in the oil company concessions in the Middle East is now necessary.

But she is warning the commission with caution to avoid being accused of exerting political influence on the commission, which has told industrialists that it will allow exemption from the three-month ban on price rises only for "unprocessed materials".

Industrialists claim the commission intends to interpret this phrase so narrowly that the exemption clause will be almost worthless.

Mr Tim Fortescue, secretary-general of the Food and Drink Industries Council, said he had protested to Mrs Williams about the implications of the commission's attitude.

Mr Fortescue said: "Sugar could be described as not raw if anybody was being really silly, and then margarine makers use vegetable oil pressed from soybeans."

The commission has already decreed that tea as marketed in Britain cannot be considered a raw material even though it is not processed.

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### Kuwait's rejection of 60pc participation in KOC may put another 5p a gallon on petrol

By Roger Vielvoe  
Energy Correspondent

Petrol prices in Britain may rise by another 5p this summer as the result of a rejection by the Kuwait National Assembly of an agreement which would have given the government a 60 per cent stake in the Kuwait Oil Company which is owned by British Petroleum and Gulf Oil.

A new look at state participation in the oil company concessions in the Middle East is now necessary.

But she is warning the commission with caution to avoid being accused of exerting political influence on the commission, which has told industrialists that it will allow exemption from the three-month ban on price rises only for "unprocessed materials".

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financial body of opinion wants outright 100 per cent nationalisation.

While the Assembly's rejection of the agreement will cause no surprise to the oil companies, it does have serious implications for future oil pricing strategies.

Both Gulf and BP have been lifting oil without knowing the price.

They have been making provision for retroactive payments to January 1 on the basis that the government would take a 60 per cent stake and charge them the equivalent of 93 per cent of the posted price for the oil already shipped out and sold.

This would mean that the companies would have to pay about \$10.7 a barrel for government crude, but would still leave them lifting 40 per cent of Kuwait's 2.5 million barrels a day of production at the old tax-paid cost of just over \$7 a barrel.

As a result of participation in the national 60 per cent government holding, and 93 per cent of posted prices as the cost of state oil, consumers in Britain would be facing a sharp increase in oil prices of about 2p to 3p a gallon later this summer.

This will not be spread evenly, and it seems likely that

petrol will carry the main burden of the increased costs and could rise by at least 5p a gallon.

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Until these arrangements on the Arab side



# Management

Edited by Rodney Cowton

## Featherbed labour camps

One problem for management which has been highlighted by the exploitation of North Sea oil is the difficulty of accommodating and keeping busy large numbers of men on remote construction sites with few amenities close at hand.

It is not uncommon to hear stories of men a long way from home, bored by the lack of leisure facilities, who pour in large numbers into pubs and who, by the time the evening is over, have considerably disrupted local life.

One answer to this difficulty is the provision specifically for the site workforce of a good standard of accommodation with a wide range of amenities. Such establishments bear the undesirable but inescapable title of "labour camps".

One of Britain's leading operators of such facilities is Taylorplan of Richmond, Surrey. Mr Roy Munday of Taylorplan says the days when workers could be accommodated in surplus Nissen huts with 10 or 15 men to a room, are long past. Now men expect their own rooms and centralized toilet facilities are provided at the rate of one block to 22 men. Already there is talk for the future of providing individual shower facilities with each room.

One of the aims, particularly at large camps, is to make them as self-contained as possible so that the impact of the workforce on the local community is minimized. This involves providing three television rooms—one for each channel—a quiet room, a shop, bars, and variety shows, including the occasional striptease. If the service cannot be provided locally, a canteen may also have to be installed on the camp.

Provision of such facilities is not cheap. Capitals costs can be £1,000 per head, and running costs, including food, can vary between, say, £11 and £22 men per head per week depending on the remoteness of the site.

But even if these amenities remove the risk of men disturbing the peace on a Saturday night, local communities will feel other effects, though these should not be malign. Local housewives will find opportunities for domestic work, and a bus will probably make a daily trolley of adjacent villages collecting staff to take them to the camp.

Local traders will also benefit from casual custom from the camp even if their scale of business is too small to enable them to obtain contracts for supplying goods to the camp.

R C

## Super managers in a changing world

Peter Drucker has become the "guru" of western management—a position which he has earned over the past 20 years. His deserved popularity is through his ability to simplify and illuminate the jobs of managers.

They can recognize very quickly that the situations which he describes are familiar and that the tenets which he propounds are acceptable to the culture of a managerial society. As always, Drucker illustrates his text with examples, miniature cases, even anecdotes, though few writers are able to use these in an equally telling way.

Followers of Drucker will find many familiar themes repeated or elaborated in the latest book\* (of 800 pages). Companies such as Sears, IBM, Bell (AT&T), General Motors and many others reappear as examples of success and failure.

Japan is quoted, nearly always with approval, as a well functioning economic society. The case for a competitive free enterprise society is restated with vigour.

The theme of this book—as most of Drucker's other writings—is how to be, or become, a super manager. You would recognize him and he would wish to employ him. He doubtless has clear thinking, hard headed, competitive, effective (ie: profit conscious) and success oriented.

He would be very concerned

\* *Management Tasks, Responsibilities and Practices*, by Peter F. Drucker. Heinemann, £6.

with performance. That performance would be the product of objective setting (after all, he invented MBO), followed by performance targets, checks and controls. The more senior the manager, the more he would concern himself with strategic objectives, leaving day to day tactical matters to subordinates. An admirable fellow, no less.

The super manager would be surrounded by a culture which emphasized the importance of strategic thinking about the purpose of the business, its size and its structure. Performance is the primary business goal with profits as the major sign of accomplishment. More of that later.

No, I am not knocking it. Really not! At a time when business objectives have become increasingly blurred, it is useful to have a restatement of certain key issues.

As one might expect, Drucker is scathing about the performance of service organizations, especially where it is difficult or impossible to make comparisons through profitability. He believes that where performance measures are weak, the objectives and purpose of an organization fail to adapt to new situations.

In the book, the function of profit has a major role of the classical kind. The argument, briefly, says profits are the product of successful enterprise and also the sinews for further development and economic growth. Competition is the spur and goal which forces businesses to satisfy consumers or perish.

On the human side the stride

is less sure. The firms which Drucker describes with approval have a cohesive and well disciplined management and workforce. People are trained and retained, jobs are enlarged and workers have good security of tenure; workers are "involved" with managers in the pursuit of common goals.

Equally important, he advocates, as in previous books, clear authority and responsibility for managers. Yet all this assumes agreement on goals.

The problem at the present time is so often an argument about authority (and the means of its execution). Drucker's solutions would be happily accepted by the present generation of managers (including this reviewer). But it is doubtful whether he has given enough weight to the alternatives—power sharing, matrix management and the possibility of weakening the line of command concept and with it, the superior-subordinate relationships.

Coming through repeatedly is Drucker's apparent (and understandable) admiration for the larger-than-life founders of great organizations. In his description, they have outstanding leadership qualities as well as considerable vision and insight. But he does not say that they were sometimes ruthless and with odd quirks of personality. Society has not yet faced up to the fact that dynamism and change is often carried through by people whose hold on ethics is a little weak.

The development of Drucker's thinking in this book can be seen in the much greater emphasis on the social and

political environment within which business operates. He considers the problem of social responsibility and comes down firmly in favour of performance as first criterion. But this is then qualified by a quotation from the Hippocratic Oath: "Above all, not knowingly to do harm." It is a useful guide for all those who are troubled about the extent to which they should step outside their business functions and assume responsibility for society's ills.

A question remains. One can accept Drucker's thesis that effective management is the most important task in our complex society; and that we have been well served by the process of competition for consumer choice, leading to innovation and economic growth.

But what happens when the springs of competition are weakened by huge combinations of business, trade unions and government—all three inter-dependent and semi-monopolistic?

Super managers are not confined to western society; they are found under any system. Consumer choice, however, depends on the maintenance of a market system; it is not helped by increasing size of organizations—public or private—with inevitable pressure that business must be controlled by the state. This is the most serious issue for managers and our society. I hope that Professor Drucker will write about this soon.

Thomas Kempner

Professor Kempner is Principal of the Administrative Staff College.

## Facing up to the new industrial legislation

The Trade Union and Labour Relations Bill published earlier this month is not a mountainous document bristling with novel concepts as was the Tories Industrial Relations Act which it will replace. Consequently, we need not expect the flood of conferences, commentaries and other efforts to bring management practice into line with the legislation, which occurred in 1970-72.

The heavy work will come with the prospective Employment Protection Bill and the Industrial Democracy Bill.

All trade unions will become trade unions in law again; not only do they become as free as they were before the 1971 Act, but slightly freer, since the definition of "trade unions" is extended to cover recognition disputes and disputes in foreign parts.

In general, trade unions and

trade union activities are unbound, with certain loose ends to be tied up presumably by judgment. For example, protection for trade union activities extends to "independent trade unions", but their independence is not defined.

When the Bill becomes law it will be unfair to dismiss anyone for membership or participation "at any appropriate time" in an independent trade union, or for refusing membership or participation if the union is not independent.

Dismissal for refusing to join a union with a closed shop agreement becomes lawful again (barring the exemption for religious or other conscientious reasons). But the new Bill is quite explicit: there must be an agreement with an independent trade union.

Binder Hamlyn and Fry has issued a useful little executive guide to the Bill (and what is

expected in the Employment Protection Bill) with suggestions about what managers should be doing. The terms of a collective agreement about disputes procedure which restricts the right to take industrial action will no longer bind the individual employee unless it

● is in writing;

● expressly states that the terms apply to individual contracts;

● is accessible at the place of work and may be consulted in working hours;

● is an agreement where each subscribing union is independent.

Also, the presumption about the legally binding nature of collective agreements is turned on its head; they will now be conclusively presumed not to be legally binding unless they say so.

Few managers will lose much

sleep over either change. In fact, the practical changes that require immediate attention deal mostly with unfair dismissal. Managers and unions may start to work out a closed shop agreement at once, but they may not conclude it until the 1971 Act is repealed. Employees become protected after 52 weeks instead of 104, they become protected from "constructive" dismissal—that is, where they can properly end the contract because of the employer's conduct—and they may apply for a remedy up to six months after the dismissal takes place.

Constructive dismissal is not a new principle; we have it already on redundancy payments. A transfer involving loss of future earnings or status, or other intolerable discrimination against a worker by a superior, may now be actionable.

Immis Macbeath

## LETTERS TO THE EDITOR

### Role of the Co-operative movement

From Mr D. Wise

Sir, Mr Nickolson (Letters, April 30) has an incomplete understanding of the Co-operative movement. There are many fundamental differences between retail Co-operative Societies and joint stock companies.

Open membership; limitation on shareholding; one man, one vote; fixed interest on share capital; and a return of operational surplus to customer members are some examples. The principal difference is, of course, the fact that the Co-ops are only in business to provide a service to their consumer members. The Co-ops have always claimed to be, and indeed are, socially, or publicly, owned.

The difference is already recognized by the State, which regulates and supervises Co-operative activities under the terms of separate legislative authority from that which applies to the private sector.

Mr Hopwood (May 3) makes a number of sweeping assertions. I would answer some of them very briefly. Of course there may well be those within the movement who do not want special treatment but has anyone suggested that it is to be forced on them? Of course there are still discussions going on about the detailed work that a CDA will do. Is it wrong for them to be publicized?

As for Mr Hopwood's statement "that there are a growing number of executives within the movement who question the future of the Co-operative Party and the money it costs them", I would reply firstly that I regularly meet more senior officials than I can believe Mr Hopwood does, and I entirely reject his assertion. Secondly it is the members, through their elected leaders the directors, who control policy in the movement. Thirdly the Co-operative Congress, the

final authority in the British Co-operative movement, continues to give massive, unanimous support to the party which it created.

Finally can I say that the Co-operative Party is not mindful of the hardships might face other retail organizations which accept obligations. At our Edinboro conference this Easter approved a statement on Labour Government's Budget and prices policy wherein urged that the proposed price legislation should "take account of the real benefits conferred by some retail organizations on certain communities, particularly in rural areas, the corresponding costs of providing such services".

DAVID WISE

Secretary, The Co-operative Party, 158 Buckingham Palace Road, London SW1.

### Burden of the training levy

From J. R. B. Lloyd

Sir, I wish to bring to your attention the position with regard to training levy in this industry.

My own firm is small, in a rural area and is facing an increasing problem in obtaining suitable labour. Skilled labour is just non-existent (we have had a notice in the local Labour exchange for months) and our only course has been to obtain boys straight from school, and train them ourselves. Here the raising of the school leaving age has not helped.

We send our apprentices to technical college on day release, but the courses are aimed at building industry or light industry such as sheet metal working, and are not ideal for us. But we use them as the best available.

Our firm comes under the control for training of the Road Transport Industry Training Board, which exists mainly to serve road haulage contractors and the motor trade. Body builders, being a small group, are thrown in for good measure, but we find that no courses are available for us at the MOTEC training centres, suitable for our requirements. I also believe that the requirements of firms like ourselves are so varied, that MOTEC could face an impossible task in providing suitable courses.

Thus, firms are forced to be self-sufficient for training and have to stand on their own feet with the aid of the local technical colleges.

In these circumstances, it seems quite unnecessary, and in my own case a serious financial burden, that we should be

forced to pay levy for which we obtain no benefit. The survival of small firms like ourselves is at stake here. Certainly this training levy is regarded by many more as a tax than anything else, which does not produce any benefits and only adds to overheads and hence prices.

However, the final straw, which motivates me to write to you, is that the RTTB has the legal procedures for extracting money from unwilling payers of levy like myself, down to such a fine art, that there is no opportunity for us to say anything in our defence in court. And my solicitor, now tells me that the fact that I receive no benefit of levy will not be relevant.

I believe this is an area of the industrial scene where change in the law is urgent. I had been hoping to achieve some publicity, and hence support for changes in the law, through press reporting of court proceedings. But it now appears even if I elect to take the matter to court there can be no court proceedings because there is no defence and the matter can be dealt with by summary judgment.

I therefore take this opportunity of asking you to publicize these facts in the hope of gaining support for what I believe to be urgent changes in the Industrial Training Act. The small body builder obtains no benefit from the Act and should not have the payment of levy added to his other problems.

Yours faithfully,  
J. R. B. LLOYD  
Managing Director,  
S.F. Vehicle Builders  
Church Stretton,  
Shropshire SY6 6PG.

### Man appeal

From Mr John Webb

Sir, I have just placed an advertisement for a junior executive post at a good salary in national newspapers.

There is no indication in advertisement of a preference for male or female applicants. Of the 21 applications received so far, not a single one is from a female. May I, through your columns, ask your readers to

JOHN WEBB

Twins Oaks, Gouding Lane, Newton Green, Sandbury, Suffolk.

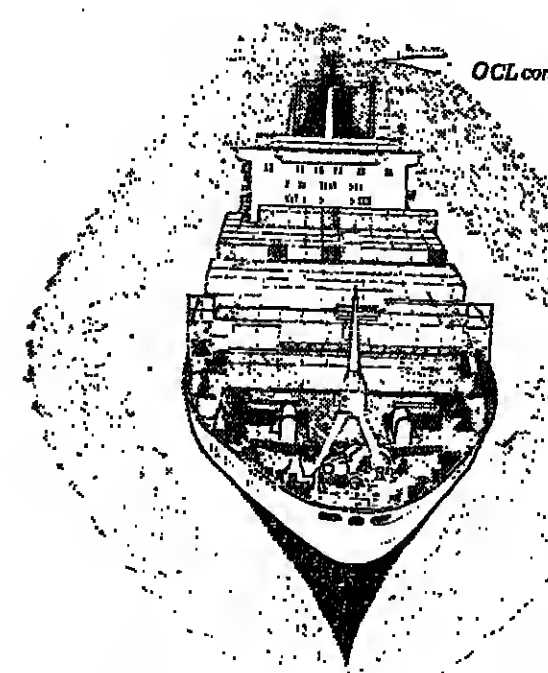
### Direct dialling

From Mrs C. Pringle

Sir, Having read Mr G. Lewis's letter in *The Times* today (May 6) I can indeed sympathize with him. As a secretary in a City bank, I, together with a band of willing telephone operators, have often had to literally demand of times obtain a direct-dial call to overseas number, and it is unbelievable how long it takes to get the required reply.

However, from London, facility of direct-dial in national calls is at least available. From my home exchange, Darford, one can make calls to London but, although we live less than 20 miles from London, the only way to make an overseas call is through an operator. No wonder people setting up in business are sure they have a London line and a phone number begin with the magic 01.

Yours faithfully,  
C. PRINGLE,  
54 Milestone Road, Stone, near Darford, Kent DA2 6DN.



OCL container ship.

"Adding up all uncertainties, I should be disappointed if our 1974 profits were not materially higher than those of 1973"

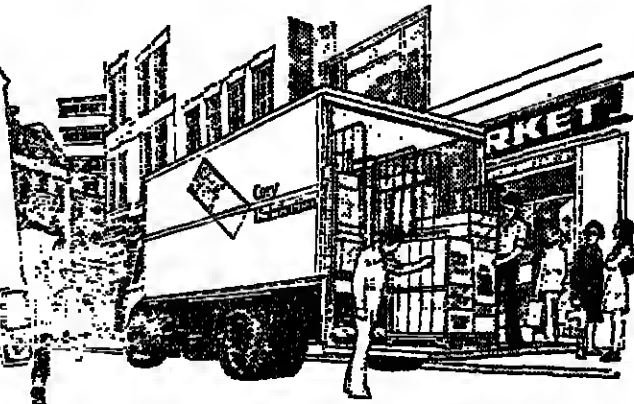
J. Lindsay Alexander, Chairman

ships were virtually full in both directions. In Elder Dempster's West African trade, profits were also higher.

**OVERSEAS CONTAINERS LTD** O.C.L. is now fulfilling our expectations. The overall trading profits reflected the speed and efficiency with which container services were introduced between Europe, Japan, Hong Kong, Taiwan, Singapore and West Malaysia.

**PANOCEAN SHIPPING & TERMINALS LIMITED** The volume of trade and the value of chemical products carried have increased, strengthening our confidence in this venture.

**OCEAN TITAN** Two large ships "Tantalus" and "Titan" are on charter until 1977 and 1978 respectively. Five 26,725 tons dwt bulk carriers are operating well.

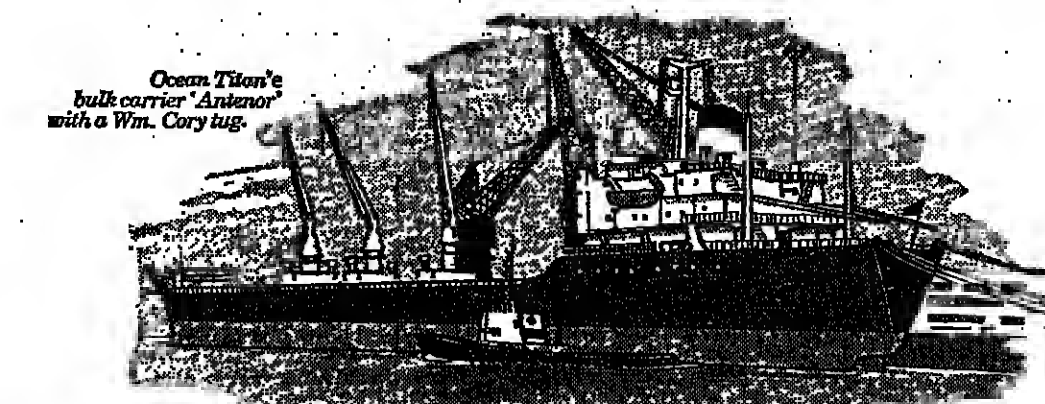


Cory Distribution delivering High Street goods.

**OCEAN INCHCAPE LTD.**, made a highly satisfactory entry into the rapidly growing energy industry.

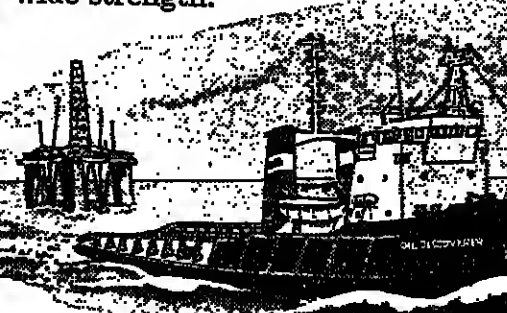
**WM. CORY** The work of integrating Wm. Cory into the Group, has been a particular success story. The foundations have been laid on which Cory Distribution can confidently expand into becoming one of Ocean's major enterprises.

**STORAGE, DISTRIBUTION AND OTHER SERVICES** Repcon (U.K.) expanded its services for the repair and maintenance of containers and trailers. McGregor Cory Cargo Services plan to develop into a significant operator in freight forwarding between Europe and the U.K. Cory Associated Warehouses had a profitable year.



Ocean TITAN bulk carrier "Antenor" with a Wm. Cory tug.

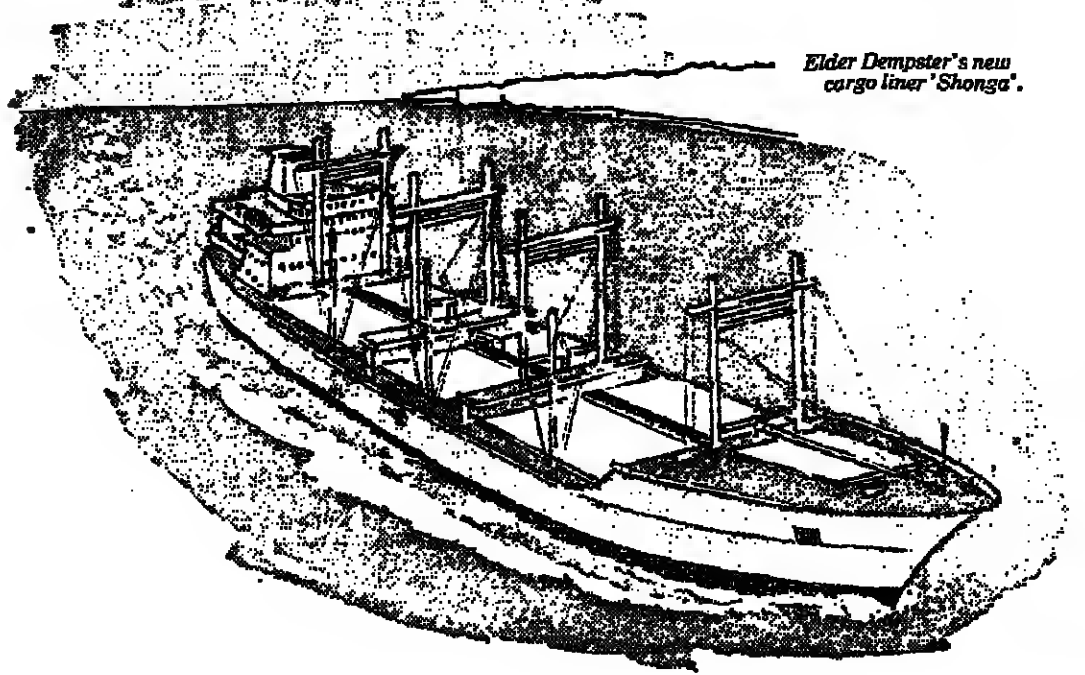
**SOUTH EAST ASIA** In South East Asia our holding in Straits Steamship Co. Ltd., is now 64%. The forthcoming sale of 50% of Straits' holding in precision engineers Watt & Akkermans to General Electric Company of America will allow it to expand into the electrical field with a partner of immense worldwide strength.



Ocean Inchcape's supply vessel "OIL Discoverer".

**OUTLOOK** Past success has been firmly founded on strong managerial control and employees of quite exceptional quality. Our first objective is to build on this unique resource. Our strategy has been to reduce our dependence on liner trades; our development in bulk trades has been a natural step. We shall seek to expand into related activities and to broaden our base in Europe and South East Asia as part of our planned expansion. We expect to grow at a sustained rate and to present a medium risk investment, with widespread marine and other distribution activities.

Copies of the full Report and Review by the Chairman, J. Lindsay Alexander, can be obtained from the Secretary, Ocean Transport Trading Ltd., India Buildings, Liverpool L2 0RB.



Elder Dempster's new cargo liner "Shogun".

**ocean** Ocean Transport & Trading Limited

SUMMARY OF RESULTS 1973		
	1973	1972
	£'000	£'000
Turnover	192,544	136,936
Profit before taxation and special items	19,082	10,441
Special items	3,213	(262)
Profit attributable to Stockholders	12,833	7,005
Earnings per stock unit before taxation and special items	21.81p	13.23p
Dividends per stock unit (incl. tax credit)	8.27p	7.88p



## BY THE FINANCIAL EDITOR

## Crystal-gazing and corporate liquidity

However the Budget may have been to the individual's pocket, the stock market's main concern over recent weeks has been the impact of the new Government's measures on the corporate sector. What is clear is that industry going to have to find considerable amounts of money this year. Finance a corporation tax rate of 52 per cent, accelerated ACT payments and increased national insurance contributions—all in a period when sales are continuing to rise sharply. In the meantime, the exact meaning of a social compact has yet to be seen on the wages front.

So how serious is the problem? Well, in the opinion of brokers, Philipors & Co. the situation points to a mild deterioration in corporate liquidity through 1974, but a deterioration which, in aggregate, a banking system should be able to finance without incurring intolerable penalties. On one side, the brokers see unattributed corporate income assuming the capital markets in no position to be tapped, falling from £5,850m to £5,500m, a rise in expenditure (on R&D and investment) from £2,000m to £2,300m—leaving a deficit to be financed of some £3,500m.

Assume next the maximum permitted growth in the banks' overbearing deposits, and amount of new lending available would be about £2,500m, perhaps £2,000m more available for the corporate sector. Throw in £300m or so for savings and other borrowing, and one is within the kind of a deficit that would be borne by the banking system. But the corporate sector requires a considerably greater provision. Not, it is true, that we are going to be in a position to meet the current year's look manageable, but there it seems to be every reason to expect a further year of companies with weak balance sheets.

## Jacques Borel high-flying rating

There appear to be two reasons why Jacques Borel International, a French catering group, is doing so well in London and other European markets. First, to able W. R. Grace, the American entrepreneur, to lead part in its 60 per cent share in the international markets, and secondly to enable Borel to overcome a growth hiatus via per-secured acquisitions. The question is whether the exchange, to which Borel is a listed company, will be introduced to the Banque de l'Union Européenne and Hill Samuel, or the financial markets will be prepared to put the same premium on the Borel charisma as it has done in the past.

At 1,070 francs (the price paid when the share went on the market) Borel is selling on 65 pence historic earnings and yielding fractionally over 1 per cent. Moreover, a 100m franc issue is planned for 1975.

This sort of high-flying rating due in part to quite active trading of the shares in a fairly new market, roughly a quarter of the £100m (equivalent) capitalization was turned last year—but more to the phenomenal growth Borel achieved over the past five years or so.

Sales have grown from £3.8m in 1968 to £33m in 1973, while pre-tax profits rose from £2m to £24.5m. These are measured by

French accounting conventions though all the 1973 figures are certified by Price Waterhouse. The London prospectus will show a "true and fair" record and may revise down somewhat the 1974 forecast of 35m francs pre-tax in line with Anglo-Saxon views on depreciation and exceptional profits.

More significantly, just about all the 1974 improvement is scheduled to come from a turnaround from losses to profit in Italy. Elsewhere Borel seems to be currently pinched between rising costs and price controls. Despite its international image some 75 per cent of sales still come from France where price control is most stringent. The tax margins in France are forecast to fall from 6.7 to 5.4 per cent this year, though the projected overall margin is 4.6 against 4.1 per cent.

A particularly relevant projection in the context of the pending rights issue is the forecast increase in return on shareholders' funds from 14.3 to 17.4 per cent this year and the sum for 20 per cent beyond that. Last year's return was about the same as for Trust Houses Forte, though Borel's return on total capital employed at 104 per cent was about 2 points higher than that of THF.

The rights issue is to meet a projected 116m franc shortfall of cash flow over capital investment (totaling 195m francs) over the next two years. Borel is not highly geared by British standards—the long-term debt to shareholders' funds ratio is around 1.1 compared to 1.23:1 for THF.

There is a decision about the funding of the rights issue, about French banks' "innate conservatism". Even so, one can share their view given the current economic outlook in Europe.

If Borel could use its high rating to finance foreign acquisitions and to improve the asset base the shares would look interesting but the appeal of that paper to the British investor looks limited at this stage of the game.

## J. W. Pickles Road into the red

Only 18 months after coming to the stock market at 50p on prospectus, J. W. Pickles has suffered a loss which, barring a £950,000 property revaluation, would have wiped out close to a third of its net worth. It can be little consolation for shareholders, watching the company's value fall from 13p to 10p, and deprived of a final dividend, that the core of the problem appears to be administrative and hence, in theory at least, surmountable.

It is a familiar feature of the point and counterpoint of the "wholesaler" effectively finances the retailer's stock position, but in Pickles' case the problem has been compounded by progressively slower compensation of its own hand, debts grew sharply—which explains the rise in interest charges from £43,000 to £143,000—and ultimately Pickles had to write off above the line £250,000 for bad debts, although it is hopeful of recovering up to two thirds of this amount.

Hopefully, the worst of the damage has now been cleared out of the way. Some £47,000 has been written off, and a number of unprofitable accounts have been closed; the 23 per cent settlement allowance for prompt payment has been abandoned and the merchandising division has been fundamentally reorganised at a cost taken below the line, of £102,000.

But all of that has only been achieved at the expense of turnover, now expected to be down this year, and in the meantime costs have been rising and trading margins have been under pressure. So there must surely remain some doubts about the board's confidence that the second half will recover

strongly enough to pull back an expected first half loss and leave the full year in profit.

Final: 1973 (1972)  
Capitalization £10.6m  
Sales £13.6m (£10.5m)  
Pre-tax profit £0.49m\* (£0.42m)  
Earnings per share nil (6.5p)  
Dividend gross 2p (2p)  
\* loss

## Hammerston Low cost borrowings

The freezing of rentals will sharply reduce Hammerston Property and Investment Trust's growth in rental income. The 25 per cent rate seen last year, but this will probably have less impact on Hammerston than on the vast majority of property companies given the high proportion of low coupon, long-term borrowings: £106m of the £135m total borrowings are interest at under 8 per cent. Also favourable is the high content of overseas properties, now 51 per cent of the £193m total, most of which are at or near the revenue producing stage.

Net assets, including the £50.7m surplus over cost, are worth 391p a share. The 15 per cent premium over the 340p share price is probably an under-valuation, despite the acknowledged problems of property valuation in these particularly difficult times. Suffice to say that no completed United Kingdom property is valued by Hammerston at more than 15 years' purchase on an on-going basis. But what the surplus will be by December is anyone's guess, particularly if there is no mitigation in the proposed penal development tax legislation.

There is a strong argument in equity that prior year rental agreements should be allowed to stand, particularly for those companies such as Hammerston that are heavily involved in shopping centre developments where rent holidays are frequent in the first year or two. But until the fine print does emerge, perhaps allowing some "drifting" on rental reviews, the sector may continue to slide against the market, with Hammerston one of the more defensive issues.

Accounts: 1973 (1972)  
Capitalization £55m  
Net assets £63.1m (£53.1m)  
Borrowings £17.3m (£14.5m)  
Pre-tax profit £3.53m (£2.83m)  
Earnings per share 9.79p (6.59p)

## Svan Hunter Quality of the order book

The fact that Svan Maritime has resold a "substantial" number of its orders is perhaps the most encouraging bit of news from Svan Hunter Group, which is building the vessels. And Svan Maritime should be making a positive contribution this year.

This appears to add quality to the length (three years or so) of SEG's order book, including 62 vessels and worth £410m, of which some of the biggest ships are for Svan Maritime. They are just about all covered by some escalation provisions too now.

Against this background and with a forecast of at least maintained earnings this year, an historic p/e of 2.9 (ignoring shipbuilding grants) and a yield of 94 per cent at 113p render the shares interesting.

Possible nationalisation is the uncertain factor behind improved commercial prospects, though any formula based on net assets might well be at a premium over the present capitalization.

Accounts: 1973 (1972)  
Capitalization £13.8m  
Net assets £13.8m (£25.2m)  
Net assets £9.7m (£6.7m)  
Pre-tax profit £8.83m (£5.38m)  
Earnings per share 39.05p (32.03p)  
\* Excluding shipbuilding construction grants

For those who find increasingly tiresome the continuing desire of some to simplify the current political industrial dispute—private enterprise good, Government involvement bad (or vice-versa)—the publication of The Government and Industry series of books by George Allen and Unwin is a bibliographical relief.

The first volume was by Mr Edmund Dell, the Labour minister, on a politician's view of industry. The second, now published both in hard and paperback, looks at public intervention in private enterprise through the eyes of Mr Arthur Knight, deputy chairman of Courtaulds.

The first point about the book is that it is a most readable story. Mr Knight is not claiming to be anything but a member of his company and an admirer of its chairman, Lord Kearton. His account of the main developments in the extraordinary expansion of Courtaulds over the past decade and of the episodes of conflict and cooperation with successive governments is, however, clearly written by an intellectual who has studied the issues and the events. Ideologies of free enterprise and of state capitalism will find little comfort in his judgments or occasional strictures. We have had endless books on industry and economics from academics and politicians. There have been too few by intelligent industrialists. This is a welcome addition to the small number.

A few institutions also bought direct shares in Courtaulds. From the point of view of stimulating investment interest these developments created the right atmosphere, although the role was perhaps rather passive.

Nowadays Scottish fund managers tend to regret their rather timid response. "Had we known then what we know now," says Jack Shaw Stewart of Stewart & Co. Managers, who run the Scottish American Investment Co., "we might have been more aggressive about it." Scottish American was one of the most prominent participants in the 20 per cent of its funds committed in this area.

Although the relatively minor role played by Scottish institutions in the initial stages has caused not a little grief in the circles of the North Sea, as they are now. In geographical terms the prospects did not look quite as rosy, there was little in the way of local expertise with financing problems once oil was mined, and the industry was dedicated to the middle of the stockmarket index.

There was also historical conditioning. Scottish funds acquired an early and continuing reputation for their ability to deploy assets skilfully outside their native land. It is estimated that, in the late 19th century, sums equivalent to 40 per cent of Scotland's gross national product were exported.

But that now appears to be water under the bridge, or rather oil beneath the ocean. In the second wave of investment interest, largely centred on the development of offshore and services projects, the guiding principle has been the creation of a technological infrastructure with North Sea oil giving the original impetus.

Scottish institutions have made a far more determined effort with this concept. Mr Angus Grossart, head of Noble Grossart, first of Scotland's few indigenous merchant banks, cites the creation of North Sea in 1972 as an example of how Scottish institutions have managed to sink their mutual differences to organize a significant investment vehicle.

Noble Grossart and Edward Bates, the merchant bank in the Ivory & Sime network, are joint managers of the unquoted fund, which has around 130 institutional investors. Some £3m of the £20m capital has already been subscribed, with the remainder due at the end of May. Since its formation NSA has taken stakes in a number of quoted and unquoted companies. Some, like the Noble Grossart-backed Seaford Maritime

## Hugh Stephenson

## Courtaulds tangles with the state

Politics enter industry in a number of ways. In most cases it is because government or the public sector are an important (or the only) buyer of the end product. When such an industry gets into financial trouble, the Government is brought face to face with a decision whether or not to become directly involved to secure its own supply.

In the case of the textiles industry, governments have become involved for the different reason that the policy of free world trade (coupled with intermittent desires not to restrict imports from less developed countries) have threatened the domestic industry. Since the textiles industry is an effective political lobby, successive governments have been under pressure either to increase the level of tariffs and quota protection or to concede in and assist in "excessive" concentration of the industry into fewer, more efficient, more "monopolistic" hands. Mr Knight, devoted most of his book to illustrating these themes with reference to various episodes like investigations by the Monopolies Commission and the PEB or study by more directly political groups such as the Dell and Lever committees.

In a sense, it was this same problem which took Courtaulds itself into the textiles business from its historic base in fibres production. The basic Kearton decision to create a vertically integrated textiles concern was mainly motivated by

concern for the continued health of the Lancashire textiles industry. Courtaulds' most important customer, thus Courtaulds' became itself a central part of the argument about whether we need a domestic textiles industry and, if so, to what extent should it be protected.

The most interesting theme running through the book is the question whether increasing market power is necessarily a bad thing. It has always seemed to me one of the consistently most difficult parts of industrial policy. There clearly is a spectrum at one end of which is a company with a total monopoly in the manufacture of its product and which is exploiting its market power. Everyone would agree that government ought to intervene in such a situation and ought to use such powers as it has to stop it happening. At the other end of the scale is a situation, viz. the majority of the construction industry in this country, of widespread competition and undercapitalization, resulting in great inefficiency and inconvenience to the customer. There is no convincing theory to show when some arrangement is so far up the spectrum as to be objectionable. One has an uncomfortable feeling that this decision will continue to be made, as in the past, to be over-influenced by political fashion.

\*Private Enterprise and Public Intervention—the Courtaulds Experience; George Allen and Unwin: £4.75.

## 'Economic nationalism'—prime challenge to Scotland

These are exciting times for Scotland's financial community. While their counterparts south of the border are keeping heads well down until the storms battering the equity, banking and property sectors have blown over, the traditionally plucky Scottish financial community is displaying a heartening enthusiasm and confidence.

To a large degree they have been insulated from the serious difficulties of the financial sector in London. Scotland, while it houses a sizeable proportion of the United Kingdom's managed funds, has never been obviously fertile ground for developing the sort of secondary banking/financial services sector that now finds itself in such a traumatic disarray in the south.

It appears that only one of the Scottish banks has needed to seek support over the last few months, and then on a scale that is modest by London standards. But there are much more positive factors underlying the optimism other than the fact that recent dramatic events on the London financial scene have passed Scotland by.

The development of North Sea oil, which has placed a political limbo at the moment, is presenting Scottish financiers and industrialists with their first home-grown investment challenge since the Industrial Revolution.

At the same time, the massive sums of money required for both onshore and offshore development, cannot be met from Scottish or United Kingdom resources alone. Scottish financial reaction to this situation has been, in the words of one prominent independent merchant banker, "the development of an outward looking economic nationalism."

But when the North Sea opportunity presented itself it was by no means obvious how the financial community could exploit it. Investment thinking appears to have passed through three distinct phases. Around the time of the 1971 distribution of exploration licences there was a proliferation of investment vehicles for direct or indirect, in oil exploration.

Edinburgh fund managers Ivory & Sime were early arrivals on the scene, launching Caledonian Offshore and Viking Oil, organizing a number of independent exploration groups. In the area of financial marketing the Viking Resources investment trust was launched although the emphasis was on global rather than local oil investment.

time services group are recent ventures, others are already well established. From the point of view of stimulating investment interest these developments created the right atmosphere, although the role was perhaps rather passive.

Nowadays Scottish fund managers tend to regret their rather timid response. "Had we known then what we know now," says Jack Shaw Stewart of Stewart & Co. Managers, who run the Scottish American Investment Co., "we might have been more aggressive about it." Scottish American was one of the most prominent participants in the 20 per cent of its funds committed in this area.

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There was also historical conditioning. Scottish funds acquired an early and continuing reputation for their ability to deploy assets skilfully outside their native land. It is estimated that, in the late 19th century, sums equivalent to 40 per cent of Scotland's gross national product were exported.

But that now appears to be water under the bridge, or rather oil beneath the ocean. In the second wave of investment interest, largely centred on the development of offshore and services projects, the guiding principle has been the creation of a technological infrastructure with North Sea oil giving the original impetus.

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## Phosphates: Morocco holds whip hand

A major shock is almost certainly in store for Europe's fertilizer manufacturers as a result of pronouncements made the other day in a plush, marble-floored Casablanca villa.

They came from M. Mohamed Kerim Lamrani, an ebullient and expansive Moroccan, an ex-prime minister who now heads what is probably the most important organization in the country—Office Chérifien de Phosphat (OCP).

He gave a strong warning that Morocco—the world's leading exporter of phosphates—would soon be lifting the asking price by another hefty percentage. Europe's fertilizer men, who were more than upset by the tripling of Moroccan phosphate prices late last year, will be horrified by further increases.

Phosphates, the indispensable ingredient in fertilizer, are by far Morocco's most important export and its chief source of foreign exchange earnings.

Almost all the world's known deposits of phosphate rock are in Morocco and last year the country exported almost 17 million tons of its 19 million tons of output. It has now embarked on an ambitious expansion plan with the aim, says Lamrani, of digging out 89 million tons of phosphate rock a year by the turn of the century.

This year it is hoped to mine 22 million tons and export 19.5 million tons and boosting this to an output of 23 million tons with exports totalling 21 million tons next year. "A billion dollars of exports in 1974 is our aim," says the confident M. Lamrani.

He is clearly delighted at the thought of so many industrialists in developed countries watching anxiously his organization's ivory tower and makes no excuses for the dramatic price rises.

With world demand for phosphates booming, no readily available substitutes, and Morocco holding vast reserves, the OCP was in a strong position last year to fix a price of around \$43 a ton—which had little to do with market forces. OCP saw the chance to boost the finances available for Morocco's current five-year economic development plan as well as helping to provide money for its own expansion.

Last year, the world price for phosphates was slightly less than that of 20 years earlier and for too long, say the Moroccans, they have accepted rock-bottom prices.

"We have been accused of raising prices," says M. Lamrani, "but all we have done is to normalize them."

Some observers also see the North African phosphate price increases of last year (other producers were only too ready to jump on the bandwagon) as the start of an OPEC-style conspiracy, although Morocco seems content at the moment to go it alone.

In a major bid to exploit its phosphate reserves, Morocco has done a deal with Russia for the supply of 10m tons of phosphate a year for up to 30 years from 1980. Half of that amount per year may begin to flow into Russia, the second largest producer in the world, from as early as 1980.

In return, the Russians, who have yet to ratify the agreement, are to build a new mine, transport complex and harbour and supply petrol, timber, electrical and other equipment. Morocco will make up the balance with citrus fruit and other produce and some minor aids.

Margaret Drummond

Edward Townsend

## Business Diary in Europe: Behind the 'anti' takeover

"takeover" of the Labour khazana. European group anti-EEC last week was not result of a well-planned such by Michael English or other leaders of the group.

It was rather the neglect of pro-Europeans, whose organizational efficiency has been seriously affected by the provision of Bill Rogers to the Minister of State for Defence, Ministerial work has cut down amount of time he can give to the European cause with his colleagues in Parliament.

John Stonehouse, the former Minister for Posts and Telecommunications, who was the "Europeans" candidate for chairmanship, is a candidate. Before 1964, he was secretary of the EEC group, a job in which he succeeded by English.

Toy Hughes (Newport), who dined Stonehouse and was cited chairman, is not an ex-anti-EEC, but that the up was never intended to be "nizim". It is a forum in which hour MPs from both factions debate the European issues. Socialists in other EEC countries, however, can fairly assume that the increasing influence of anti-EEC faction on the benches makes it very unlikely that the party will go on its decision not to send MPs to the European Parliament. Events in the anti-EEC faction, have shown how important this assembly has become in its attempts to act from the Council of Ministers.

Later in the summer the



"I'm not worried. Even if the Community does collapse we technocrats should know how to create plenty of good jobs."

group intends to invite Ministers connected with the European renegotiation to its meetings to review progress. Meanwhile they see the Italian ministerial ahead of Labour Britain in forcing a complete review of the EEC's trading rules.

The anti-EEC people claim—and do so with much pleasure—that the Italian restrictions on imports are on exactly the same pattern as those introduced by the Labour Government when they took office. According to the Exchequer, according to this group, the present Government is now planning similar measures to deal with the United Kingdom balance of payments deficit and that these will be introduced without prior warning, for obvious reasons.

officials who have been ordered to cross out the word Parliament on headed paper which is sent to members, and to write the word "Assembly" above it.

## Dutch view

The British Parliamentary Labour Party meets on Wednesday to debate the Government's proposal for a compulsory register, open to the public, of MPs' pecuniary interests and benefits. And tomorrow, the Commons Privileges Committee will meet to consider allegations by Joe Ashton, Labour MP for Bassetlaw, that some backbench Labour Members can be "bribe".

How do the continentals view this sort of situation? Among the Dutch, it seems, there is a divergence of opinion. Demand on one's political colour.

Dutch MPs are paid a living wage of around £6,000 a year, plus travel expenses. The Dutch Socialist-dominated Government, is generally in favour of its members holding no other office than that of MP.

Socialist MPs and members of most associated parties, are not permitted to carry on other jobs. This does not prevent them, however, from keeping in with highly successful law and medical practices, or other careers which would save, whenever the Socialist star might sink.

The centre and right, however, carry on unashamedly in their private parliamentary and public office. A quick look at the roles of recent ex-

Ministers serves to show how parliamentary and trade union expertise is employed by Dutch industry. Ex-foreign minister Norbert Schmelzer is adviser to the Hollandsche Beton Groep, the largest Dutch construction consortium. Ex-premier Barend Biesheuvel is adviser to Unilever. Ex-Socialist trade union president Adriaan Klink is already on the board, representing the interests of FSTEL, the Dutch-dominated European steel concern. His predecessor, is on the board of the AMRO, one of the three largest Dutch banks.

## Dreamers

A French motor manufacturer last week described the rival Citroën concern to Business Diary as "dreamers, the whole lot of them. They live in a heady world of great technological breakthroughs which happen years ago. We caught them up and passed them. But we keep our feet on the ground and make money while they still have visions."

We put this, without revealing the source, to Maurice Clavel, who flew in Lancasters in the last war and is now the widely respected Citroën General of Motors. To our surprise he nodded vigorous agreement. "Yes," he said, "it is true. We are dreamers. We dreamed of great things in the past and they came true. We have had more dreams and we are not changing them into reality. The motor industry needs dreamers like me to pull them up out of the mud."

## Clarke Chapman-John Thompson Ltd 1973 Results

	1973	1972
Turnover	89,000,000	90,000,000
Profit before tax	4,343,000	3,646,000
Profit after tax	2,538,000	2,278,000
<i>(before extraordinary items)</i>		
Extraordinary items	579,000	—
Dividend per ordinary share (Gross Equivalent)	5.5125p	5.25p
Basic Earnings per ordinary share	11.34p	10.24p
<i>(before extraordinary items)</i>		

Points from the review of Chairman Mr. J.B. Woodeson, C.B.E.

- \* Substantially increased penetration of export markets.
- \* New marketing companies established in Europe.
- \* 56% growth in order intake during 1973.
- \* Continued improvement in performance giving 20% increase in Group Profits.
- \* Group liquidity substantially improved despite difficult financial environment.
- \* Group well placed to withstand current economic and industrial difficulties.
- \* Improved results expected during 1974.

The Eighty-first Annual General Meeting will be held on Thursday 6th June 1974 at 3.00 p.m. at the Group's Headquarters at Gateshead.



VICTORIA WORKS, GATESHEAD, CO. DURHAM NE8 3HS.



## Business appointments

## Sir Ian Morrow becomes chairman of Lion International

Sir Ian Morrow has been named chairman of Lion International and Mr. Clive Hollick has joined the board. Sir Gordon Newton, a previous chairman, remains a director and becomes deputy chairman.

Mr. T. P. Durie, managing director of the Imperial Group's Courage (Western) will join the Courage board as assistant managing director. Mr. H. C. Hobbhouse will become chairman of Courage (Central) while retaining the chairmanship of Courage (Western). Mr. A. M. Reid, operations director of John Player and Sons, is to become assistant managing director.

Mr. A. G. Martin has joined the board of ITC-NUMAS as a non-executive director.

Mr. D. Gideon Thomson has become a director of the Robert Stigwood Group.

Mr. T. O. M. Stock has been re-elected chairman of the Midlands and Western unit of the Stock Exchange. Mr. D. C. Wasdeil becomes deputy chairman of the unit.

Mr. A. O. Webber has relinquished the post of managing director of Bico Holdings, but remains chairman. Mr. M. Webber becomes managing director and Mr. E. Edis deputy chairman.

Mr. R. J. Davenport has been made an assistant manager of the Union Discount Co of London.

Mr. J. A. Ewens and Mr. G. Watts have joined the boards of New Electronic Holdings and New Electronic Laboratories respectively.

Viscount Weir and Sir William Walker have retired from the board of Scottish Television. Sir William continues as chairman of Scottish Television and Grampian

Sales. Mr. William Brown, managing director, has also become deputy chairman of STV.

Mr. R. G. Little has become property manager of British Rail Pension Funds.

Mr. J. G. Oavis and Mr. R. M. Strong have joined the board of R. M. Baisford.

Mr. Carl Soenrer and Mr. Rick Brown have been made directors of Kemble (Organ Sales) and Mr. Jack Bulmer, Mr. Tony Card and Miss Mabel Mack have become directors of Kemble & Co. Mr. David Carr is leaving both boards.

Mr. J. K. Marsh has been elected a director of Stewart Wrightson (Marine).

Mr. M. J. Radcliffe is joining the board of Tel-Ang Pedegre (1971) as managing director.

Mr. F. O. Kirk has been made managing director of Drewry & Edwards and Mr. R. Riley and Mr. R. V. Houston join the board. Mr. G. J. Freer has been promoted managing director of James Macfarlane (Kilmarnock) and Mr. V. G. Ford, Mr. G. A. Sinclair and Mr. G. J. Freer join the board.

Mr. A. Matthews has been elected to the board of H. R. Howard & Son. Mr. K. A. Palmer has become company secretary of Drewry and Edwards, James Macfarlane (Kilmarnock) and H. R. Howard & Son.

Mr. John Pinkerton has been named director of Dealer Development of Daimler UK. Mr. Ellis Bicknell has become sales director and Mr. Brian Groves executive marketing manager.

Mr. Francis R. Pictou has joined the board of Exchange Travel

Agency and Mr. George Smith has become director and general manager of Exchange Travel Holidays.

Mr. William Benham has become a main board director of British Debt Services. Four new associate directors are Messrs D. G. Collins, E. S. Kewley, J. Lindop and J. S. O'Brien.

Mr. R. S. Reid and Mr. J. I. V. Boyd-Wallis have been made directors of J. E. Minet Life & Pensions.

Mr. K. W. Baker, MP, has rejoined the board of Celestion Industries.

Mr. A. Kenneth Edwards has been appointed marketing director of Calter-Hammer Europe with responsibility for overseeing the marketing programmes of all the European subsidiaries of Calter-Hammer Milwaukee.

Mr. S. F. Kennedy will retire as chairman of Church & Co on December 31, 1974. He will also retire from the boards of the various subsidiary companies at home and overseas, but will remain a non-executive director of the parent company. Mr. I. B. Church, at present vice-chairman, will become chairman of the company. Mr. J. Johnston will continue as managing director and Mr. J. B. R. Ashley as sales director for home and overseas sales and Mr. John Church will become deputy managing director.

Mr. Bernard Higgins and Mr. Joseph Arthur Fleming have become directors of Barjelling Holdings.

Mr. R. J. Males, assistant secretary of Prudential Assurance, is

retiring on May 31 and will be succeeded by Mr. C. F. M. Lello.

Mr. A. S. Curshley, the Independent Broadcasting Authority's director of finance, is retiring at the end of this year. On his retirement the authority's financial officer will be changed: Mr. Roy Downham, at present the chief accountant, will be promoted to assume control of the authority's expenditure and all its internal financial arrangements. Mr. Downham, as director of internal finance, will report to the director-general and, through him, to the authority.

Mr. J. E. Dolby has been elected chairman of Angela Building Society. He succeeds Mr. P. M. Wilson, who has retired. Mr. J. B. Corrin, a director since 1964, has been appointed vice-chairman.

Mr. Martin Ploeden Roberts and Mr. Ian Duncan have been made joint deputy managing directors of Allied Suppliers. Mr. Roy Freer continues as managing director and vice-chairman.

Mr. Gerhard Simmel has been made director of Bureau-Marseller (Asia).

Mr. F. T. Smith has become manufacturing director and Mr. F. N. Watson financial director of Chesworth-Pond's.

Mr. Paul Cox has been made distribution director of R. White & Sons.

Mr. Dennis Fredjohn has joined the board of Arbuthnot Latham Holdings.

Mr. Ian Downing has joined the board of Warwick Engineering Investments.

Mr. George Edward has been

named managing director of Universal Underwear.

Sir Richard Bonfield has been made president of Freight Social-Lack and Mr. H. Bills managing director. Appointed to the board are Mr. A. A. Braithwaite (works), Mr. B. B. Havill (sales) and Mr. E. Thompson (financial). The chairman will be Mr. P. J. H. Rata.

Mr. J. R. Lambrix has been named general manager of hemisphere north-east operations centre of The MW Kellogg Co in Hackensack, New Jersey. Replacing Mr. Lambrix as director of western hemisphere process engineering is Mr. J. A. Finerman.

Mr. R. H. Robinson has become group director of Edwards High Vacuum International.

Mr. D. C. McVee has retired as a director of Radiant Metal Finishing Co due to ill-health.

Mr. D. G. Greig, has joined the Eggar, Forrester group of ship-brokers.

Mr. J. T. Syrad has been elected chairman of the Automatic Vending Association of Britain. Mr. A. W. May has been re-elected deputy chairman and Mr. W. J. Wimer has been elected treasurer.

Mr. R. St. J. Stevens is now the managing director of McGregor Swiss Air Services in succession to Mr. D. H. Russell, who has resigned.

Mr. Michael H. Gibbs has become general manager (United Kingdom) of Morgan Adhesives of Canada. He succeeds the vice-president, Mr. Gilbert L. Cunningham, who is moving to the company's headquarters in Brampton, Ontario.

## FINANCIAL NEWS

## Clarke Chapman is in good position to preserve earnings

By Ralph Holder

As was implicit in the fact that pre-tax profits finished comfortably ahead of even the predicted £4m, Clarke Chapman-John Thompson came out of 1973 surprisingly well. Shareholders may be heartened, too, by the fairly cheerful view of prospects for 1974 taken by Mr. Woodeson, the chairman, in his review with the report and accounts.

In spite of the flotsam of the winter emergency—which will continue as a drag on many parts of industry for the rest of the year—and, more importantly, the effects of the Budget on the manufacturing industry, he can still say that results of the group should further improve, barring serious dislocation or a downturn in investment.

It sounds wishful thinking now, but such is the groundwork done by management in the past four years that by rights the group should have been in a position to achieve a substantial

increase in profitability and growth in 1974. Now it faces without doubt another turn of the spiral in manufacturing costs and a reduction in liquidity, with all that entails in competing for overseas business.

Mr. Woodeson makes his third annual plea for an end to the continuing uncertainties surrounding the nuclear industry. The company is still unable to plan for the future. In fact it has laid out large sums in making contingency plans against the possibility of various steam supply systems being adopted. But he believes a decision will not now be long delayed.

In spite of the harsh financial climate the group's liquidity substantially improved last year. Bank overdraft came down from £1.6m to £1.1m, though still a December 31st momentum of this trend has of course slowed down. As a result of last year's record rush of orders, the intake jumped 56 per cent to £122m, including £25m of exports.

## Bayer AG sees higher 1974 profits and spending

Taxed profit of Bayer AG, international chemical group, rose by 14.3 per cent to DM5.1 (€16m) in the March quarter and Dr. Kurt Hansen, chairman, expects further real growth in 1974 earnings as a whole.

In 1973 net profit of worldwide group surged 26.5 per cent on sales of DM14,500m, which grew 14.4 per cent, known, the board are increasing the dividend.

During the first quarter 1974 world sales expanded 10 per cent to DM4,595m. Hansen noted, however, the large part of this increase reflected price increases, while labour and material costs were DM350m greater.

In 1974, Bayer's activity would be affected by further rises in raw material prices, a dearer oil influencing the trade and clouding the money situation, he warned. The company is planning to pause in 1973, will reach a DM1,850m (DM1,210m in 1973) net divisions were utilized in 1973 and still.

The past year had seen huge increases in share prices, but Dr. Hansen pointed out that disproportionately strong rises in foreign demand last year helped offset the difficulties caused by upheaval on the international monetary front. In overseas sales by Bayer were 10 per cent of the total. The group overseas companies made up 46 per cent of sales, while direct exports yielded 21 per cent.

Dr. Hansen is handing over the chairmanship to Dr. Herbert Grunwald in July—AP-De Jones.

WALTER DUNCAN & CO. has been appointed as financial advisers to the company, which is planning to raise £10m by the issue of new shares.

Chairman says indications are that finance group will continue to prosper, but the secretarial income will be reduced by the progressive disposal of less profitable estates and may in due course become liable to more drastic reduction as a result of new legislation in India.

Results this week

Unilever's first quarter

Rather more big names got the week's list this time. Inter-ventre, largely on 1 Unilever, twins, March-quarter, saw a 10 per cent increase in sales. Thursday Boots and Co. Patons release full-term figure. Other majors include Burt Group, Costain, Staveley, F. Ness Withy, Ranks, Ho. McDougall, Royal Insurance Smith & Nephew, and Tarm Details:

TODAY, Finales: P. P. A. Constructions, F. Summer, Furness Withers, Hovenden & Sons, Sellen, Shillington, Price, Turner, Tricentrol, Interiors: Europe, Ferrites and Tricentrol.

TOMORROW, Finales: Alpine Ho. Burt Pulp & Paper, Fox Bros Clothing, Holt Product, Nurdin & Peacock, Costain, Interim: Ranks Ho. McDougall.

WEDNESDAY, Finales: Cr. Ryder, Wm Morrison Supermarkets, and Readcutt & T. J. Lawrence, Management: Age & Music, NSS Newsagents, R. man Heenan Int, Unilever & NV.

THURSDAY, Finales: Boots, Co. Patons, Folkes Hefo, For month & Sunderland Newspapers Interiors: Royal Insurance Co. Burt Pulp & Paper, Smith & Nephew and Wood H. Trust.

FRIDAY, Finales: Allied Leath Co. and the American and Swiss Goddard, Interim: Burt Group.

Another Russell recommendation is British Printing Corporation, whose shares at 42p 1/2 are described as "undervalued by the market". It is expected to recover the estimated £1m of three-day working, to produce pre-tax profits for 1974 at least equal to the previous £2.2m, a strong cash flow position, and a base for further acquisitions.

Simon & Coates remains a pick of the current upturn. While inflation shows signs of moderating, either Europe or North America, fitness in United Kingdom should be treated with a "hold" reserve. Simon's monthly letter says.

Looking overseas, Magna Roy Marshall sturdy and political talk of British withdrawal from the EEC, repeat the CBI view that such a move would be an absurdity.

Terry Byle

three VLCCs and the low level since the turn of the year and the amount available on the market was probably less than six million excluding re-lets.

These figures, Galbraith's mainly reflected increased United States oil company chartering as storage and began to flow more quickly through the country. It is probably betrayed some of the possibilities of the United States being placed under Arab embargo again—the Gulf situation was causing some worry—and oil prices increased again in June.

Elsewhere, the rush of tankers into the grain trades materialised, as well as allowing owners to share in the lucrative market for grain carriers has been recently that the tankers did even make a dent in the structure.

## Guardian Royal Exchange Assurance

Statement by the Chairman, Lt.-Col. C. P. Dawnay, C.B.E., M.V.O.

## A Year of Progress

Our objectives in 1973 were to write an increasing volume of insurance business on a controlled commission and expense basis, to increase our income from the investment of our funds, and to strengthen the asset base on which we work. The asset base is of considerable importance in the present inflationary period as inflation causes strain on all solvency margins. I think we have succeeded in all our objectives.

Our premium income from our insurance operations world-wide increased by 19.3% to £332.9m, which we consider to be about the percentage of acceptable new business available in the market. Investment income increased substantially and we increased our net assets by £49m through the acquisition of The Metropolitan Trust Company, Limited in November 1973.

Although share prices may have altered since that date we are satisfied that the association with this investment trust will be very much to our long-term advantage.

We have taken steps to meet the emerging trend for domestication by merging our interests in 1973 in most of the overseas territories in which we trade.

For all these reasons—as well as the substantial improvement in our results—I feel I can call it a year of progress.

## Underwriting—Fire Accident &amp; Motor

The main areas in which we operate are broadly—41% United Kingdom and Eire 8% Australia 18% Germany 24% Rest of the World 9% Canada

From this it will be seen that our underwriting results are much dependent on four main areas.

Home

In the United Kingdom we made a good profit on our fire account, and for the first time for some years, our large motor account produced a modest profit. Our accident business made a loss, due largely to the increased provisions we felt it prudent to make in the light of the higher inflationary awards which are a factor of liability insurance.

Overseas

In Germany it is always difficult to make an underwriting profit, and the Government imposed increased requirements at the end of 1973. The cost of these has been fully met. Whilst Germany produced an underwriting loss in 1973, this was more than offset by their excellent investment results.

Canada suffered from the increasing encroachment of Government into insurance and there was intense competition, largely due to the reduction in the size of the Canadian market. This factor has brought down rates to uneconomic levels and caused us substantial losses in the fire and motor departments.

Australia wrote a satisfactory account in most classes of business, with one exception—workers compensation. In December 1973 Government again arbitrarily and retrospectively increased the compensation payable to injured workmen. As rates could not be correspondingly increased this resulted in a serious loss on this class of business which can never be recovered. It was workers compensation alone the Group suffered a loss of £2.4m.

In the rest of the world, South Africa produced excellent results, as did New Zealand. Nearly all our other interests in Europe, the Middle East and Far East, East Africa and West Africa, South America etc. made their contributions large and small, so that despite our losses in Australia, Canada and Germany our total underwriting operations made a small but welcome profit.

Marine and Aviation

During the year the capacity of the marine insurance market, both at home and overseas, continued to expand in excess of demand, and in consequence, international competition reached a level of intensity which we have not seen previously in the post-war era.

In cargo insurance, improvements in security arrangements and methods of packing had some beneficial effect on smaller claims, but the cargo account was last year over-shadowed by the major casualties which were sustained.

## Summary of results

	1973	1972
	£m	£m
Premiums written	332.9	279.0
Fire, Accident and Marine	29.6	21.0
Investment income	3.0	2.0
Profits of Property and Estate Development Companies	32.6	23.0
Less Interest Payable (including £0.3m relating to New Subsidiaries)	4.5	3.1
Transfers to Profit and Loss Account	28.1	19.9
Fire, Accident and Marine	1.3	2.3
Life	2.9	2.5
Profit before taxation	32.3	20.1
Less Taxation	15.1	6.8
Profit for year after taxation	17.2	13.3
Less: Preference and Minority Interests	.9	.7
	16.3	12.6
Less: Extraordinary items (after taxation)	—	3.0
Profit for year after taxation available to Ordinary Shareholders	£16.3	£9.6

In spite of all these difficulties results were reasonably favourable, and, added to the success by the aviation department for the fifth year running, a suitable transfer was made to the profit and loss account.

## Life

Our large life department continued its expansion world-wide both in life and annuity business and in the increase in the total life and annuity funds.

The results for 1973 were:

	1973	1972
	£m	£m
Net new business	1,261.8	1,160.6
Sums assured	20.7	16.8
Annual premiums	23.3	20.5
Single premiums	27.9	18.5
Total premium income and considerations for annuities	120.9	101.6
Total payments to policyholders	77.1	68.3
Total funds 31st Dec.	832.2	737.1

Home

A feature of the year's operations in the United Kingdom was the increased amount of traditional with profits business. With stock markets depressed, the advantages of the traditional with profits life assurance policy are obvious as bonuses previously declared are unaffected by fluctuations in stock market prices. For policyholders who prefer a direct link with the performance of a specific portfolio of investments we offer our Guardian contracts where the link is with units of Guardian Trust or our Property Bond where it is with units of our special property portfolio. The value of the latter showed a marked increase in 1973 and has not so far been much affected by the current uncertainty in the property market. Last year new business figures included a substantial volume from both these classes of contract.

Overseas

The outstanding performance of our two companies in Canada and South Africa has continued in 1973. Our overseas life operations are making an increasing contribution to our world-wide new business figures.

Balance Sheet

During 1973, although we added selectively to some of our equity and property portfolios, we have not substantially increased either our fixed interest or equity portfolios, in the United Kingdom, and we have therefore been—and are—in a strong financial position in these difficult times and are ready to take whatever action is appropriate as the situation develops.

## Profit and Loss Account

For the first time in the underwriting accounts we have shown the profit after all expenses, including pension costs, have been deducted. In previous years we set these against our total profit. In 1973 the profit of £1.3m on fire, accident and marine compared with an underwriting loss of £2.3m in 1972.

Our profits arise from two sources, underwriting and investments. After payment of loan interest, our investment income (which included £1.9m from Aquis Securities Limited and The Metropolitan Trust Company, Limited) increased to £28.1m. This was assisted by a good cash flow (due to higher premium rates and the improvements we have made for some years in the collection of accounts), high interest rates ruling during the year and the net effect of exchange movements.

Our taxation charge is significantly higher due to the rates in force, the change in presentation in grossing-up our life profits and also to the fact that the benefits arising from the lower rate applicable to our franked investment income do not increase proportionately to our greater profitability.

The results of our efforts in 1973 produced a gross profit of £32.3m and after providing for the maximum increase in dividend we have been able to add £9.5m to retained profits. The earnings per ordinary share were 16.3p (1972 16.2p) and the ordinary dividend was covered 2.4 times.

Insurance Trends

I think the profits we have made on our U.K. fire account will continue but at a lower level. In motor insurance our rates are currently controlled by the Department of Trade who must authorise any increases. With continued inflation some upward adjustment will be necessary.

Accident insurance is more difficult to predict as liabilities escalate at an alarming rate, but we still aim to make some profit from this class.

Overseas, Australia regrettably has already suffered a severe flood in Queensland which will cost us about £2.5m, so that the results from that territory cannot be favourable.

In Canada cut-rate competition grows no less and the year so far is not showing much better results than in 1973, although all steps for improvement are being taken.

There appears to be an improving trend in Germany and there is no reason to expect unfavourable results from the rest of the world.

Taking all these factors together we must expect some underwriting deterioration in the present year, although I am hopeful that we will show a growing overall profit.

Directors and Staff

It is said that in a service industry such as insurance a company's most valuable asset is its staff. This is certainly true of Guardian Royal Exchange where the combined skill and efforts of individuals have so largely contributed to the successful operations of the Group during the year under review.

To all of them I send my warm thanks for their successful and conscientious efforts on our behalf and my good wishes for the future.

Finally, having reached the age at which we decided that Chairman should retire in this Group of Companies it is my intention to resign from the board at the board meeting following the Annual General Meeting. We have just completed a successful year in Guardian Royal Exchange. I am satisfied that we are well balanced to face all difficulties, and I am confident that the prospects in the years to come are bright.

The directors have indicated their intention to appoint the Deputy Chairman, Mr. J. E. H. Collins, to succeed me, and in wishing him all success may I sincerely thank all those who have made my years of office first with the Guardian and then with the Guardian Royal Exchange, extending over 25 years, such very happy and memorable ones.

## Royal Worcester well placed for fresh growth

Because most of the group's factories were continuous-process industries, Royal Worcester escaped serious upset to production during the miners' strike. In fact it was able to attain record results for 1973, with profits soaring 40 per cent before tax.

Mr. Anthony Street, now non-executive chairman, writing in the annual report, is also fairly optimistic about 1974. Sales for the first quarter have been well maintained, and orderbooks are still strong. Given the chance, Mr. Street says the up-trend in profits should continue, and expansionist policy will go on.

UPWARD AND RICH

Chairman of this Isle of Wight-based food, etc. distributor reports that turnover remains buoyant, but the outlook for results is cloudy. Substantial cash flow from supermarkets, liquor, and group is not involved in heavy borrowing.

B. SUSSEX ENGINEERING

Mr. E. Burchell, chairman, is confident both in the long-term and in the immediate future of the group. Six of frecholds should have marked effect on liquidity.

RCF HOLDINGS

Turnover for half year was £4.06m (against £3.8m), and taxable profit £285.0m (£282.000). Dividend held at 16.7p net on after-tax profit of £146.000 (£159.000).

SUPRA CHEMICALS

The stock market (Swindon) sold 100,000 shares (Swindon) selling Transmission Components, etc.

HILL SAMUEL UNIT TRUST

Final income distribution of

Brokers' views

Views of the outlook for both fixed interest and equity sectors of the stock market remain cautious. But this week's batch of investment reviews went to press before Lloyds Bank announced a fresh cut in base rates and one can assume that interest rates will again dominate this morning's meetings of Senior Partners.

De Zoete & Bevan takes a look at the United Kingdom brewers, which it divides into the beer-based and the "alcoholic drinks majors". With takeover speculation now a thing of the past, De Zoete sees future growth lying with the second of its two groupings.

Allie Breweries, although well-placed in the growth sector, it sees as a "sell" because, un-

like another broker reported here recently, it expects Allied to absorb Trust Houses Forte eventually. This move, De Zoete thinks, would weaken the share price, at least in the short term.

Of the other industry leaders, the firm recommends Bass Charrington and Grand Metropolitan. But among the more beer-oriented producers, it rejects Scottish & Newcastle because of its comparatively limited retail outlets. De Zoete thinks that takeover speculation in S. & C. will prove unwarranted.

Russell Wood strongly recommends shares in Sime-Flax Industries, whose international base and widely diverse range of products has, Russell thinks, begun to catch the attention of the stock market. For 1974 Russell looks for a further rise in pre-tax profit of 28 per cent at Stone-Platt, together with a 37 per cent rise in earnings a share.

Freight report

Gulf rates fall to two year low

An eventful week in the tanker freight markets saw Persian Gulf rates drop to the lowest of the slump that began in October, then stage a modest revival.

Last week was also significant for the number of tankers and combination bulk carriers, from the "bandy" sizes to more than 100,000 tons, that flooded into the dry cargo sector's grain trades. Owners hitherto solely carrying oil, were more than willing to single out, to transport grain, single voyage, time-charter trips or for period time-charters of up to two years' duration.

Some deterioration in underwriting profitability must be expected this year, warns Lt-Col C. P. Dawnay in his last annual report as chairman of Guardian Royal Exchange Assurance. But the board is still hopeful of a growing profit



Euromarkets

One bright spot in a bad week

The Eurobond market continues on its dreary and depressing course. The primary market remains starved of issues and the secondary market looks thinner than ever.

On Friday, the rise in prime rate to 11½ per cent prompted some selling, but over the week the two bond clearing houses, Euroclear and Cedel, reported total turnover of a meagre \$237m compared with upwards of \$400m on several occasions earlier this year.

With long and short term rates in the United States still rising, dealers in Eurobonds are increasingly depressed that yields in the market have failed to respond. Baring's most recent Eurobond letter shows that yields to redemption actually fell during April when short term rates were rising, the fastest and both long and medium term bond yields are still some way below the levels of last September.

In the primary market, the outflow of new issues has been slowed to a trickle by the dearth of finders to sweeten to empty unwilling investors. Last week's lone dollar issue, the 15m convertible by Canon, for instance, followed the earlier example of Baidi in offering a sinking fund and twice yearly interest payment—both unusual features on a convertible.

Earlier there had been the last-ever Canadian dollar issue, although some dealers questioned the attractiveness of the 10 per cent coupon when, domestically, Bell Telephone was offering upward of 10 per cent. Before that there was

Eurobond prices (yields and premiums)

Foreign Bonds			Yield	Premium
<b>S. STRAIGHTS</b>				
Austria 1974-1980	10.50	0.10	10.60	0.10
Austria 1980-1985	10.75	0.10	10.85	0.10
Austria 1985-1990	11.00	0.10	11.10	0.10
Austria 1990-1995	11.25	0.10	11.35	0.10
Austria 1995-2000	11.50	0.10	11.60	0.10
Austria 2000-2005	11.75	0.10	11.85	0.10
Austria 2005-2010	12.00	0.10	12.10	0.10
Austria 2010-2015	12.25	0.10	12.35	0.10
Austria 2015-2020	12.50	0.10	12.60	0.10
Austria 2020-2025	12.75	0.10	12.85	0.10
Austria 2025-2030	13.00	0.10	13.10	0.10
Austria 2030-2035	13.25	0.10	13.35	0.10
Austria 2035-2040	13.50	0.10	13.60	0.10
Austria 2040-2045	13.75	0.10	13.85	0.10
Austria 2045-2050	14.00	0.10	14.10	0.10
Austria 2050-2055	14.25	0.10	14.35	0.10
Austria 2055-2060	14.50	0.10	14.60	0.10
Austria 2060-2065	14.75	0.10	14.85	0.10
Austria 2065-2070	15.00	0.10	15.10	0.10
Austria 2070-2075	15.25	0.10	15.35	0.10
Austria 2075-2080	15.50	0.10	15.60	0.10
Austria 2080-2085	15.75	0.10	15.85	0.10
Austria 2085-2090	16.00	0.10	16.10	0.10
Austria 2090-2095	16.25	0.10	16.35	0.10
Austria 2095-2100	16.50	0.10	16.60	0.10
Austria 2100-2105	16.75	0.10	16.85	0.10
Austria 2105-2110	17.00	0.10	17.10	0.10
Austria 2110-2115	17.25	0.10	17.35	0.10
Austria 2115-2120	17.50	0.10	17.60	0.10
Austria 2120-2125	17.75	0.10	17.85	0.10
Austria 2125-2130	18.00	0.10	18.10	0.10
Austria 2130-2135	18.25	0.10	18.35	0.10
Austria 2135-2140	18.50	0.10	18.60	0.10
Austria 2140-2145	18.75	0.10	18.85	0.10
Austria 2145-2150	19.00	0.10	19.10	0.10
Austria 2150-2155	19.25	0.10	19.35	0.10
Austria 2155-2160	19.50	0.10	19.60	0.10
Austria 2160-2165	19.75	0.10	19.85	0.10
Austria 2165-2170	20.00	0.10	20.10	0.10
Austria 2170-2175	20.25	0.10	20.35	0.10
Austria 2175-2180	20.50	0.10	20.60	0.10
Austria 2180-2185	20.75	0.10	20.85	0.10
Austria 2185-2190	21.00	0.10	21.10	0.10
Austria 2190-2195	21.25	0.10	21.35	0.10
Austria 2195-2200	21.50	0.10	21.60	0.10
Austria 2200-2205	21.75	0.10	21.85	0.10
Austria 2205-2210	22.00	0.10	22.10	0.10
Austria 2210-2215	22.25	0.10	22.35	0.10
Austria 2215-2220	22.50	0.10	22.60	0.10
Austria 2220-2225	22.75	0.10	22.85	0.10
Austria 2225-2230	23.00	0.10	23.10	0.10
Austria 2230-2235	23.25	0.10	23.35	0.10
Austria 2235-2240	23.50	0.10	23.60	0.10
Austria 2240-2245	23.75	0.10	23.85	0.10
Austria 2245-2250	24.00	0.10	24.10	0.10
Austria 2250-2255	24.25	0.10	24.35	0.10
Austria 2255-2260	24.50	0.10	24.60	0.10
Austria 2260-2265	24.75	0.10	24.85	0.10
Austria 2265-2270	25.00	0.10	25.10	0.10
Austria 2270-2275	25.25	0.10	25.35	0.10
Austria 2275-2280	25.50	0.10	25.60	0.10
Austria 2280-2285	25.75	0.10	25.85	0.10
Austria 2285-2290	26.00	0.10	26.10	0.10
Austria 2290-2295	26.25	0.10	26.35	0.10
Austria 2295-2300	26.50	0.10	26.60	0.10
Austria 2300-2305	26.75	0.10	26.85	0.10
Austria 2305-2310	27.00	0.10	27.10	0.10
Austria 2310-2315	27.25	0.10	27.35	0.10
Austria 2315-2320	27.50	0.10	27.60	0.10
Austria 2320-2325	27.75	0.10	27.85	0.10
Austria 2325-2330	28.00	0.10	28.10	0.10
Austria 2330-2335	28.25	0.10	28.35	0.10
Austria 2335-2340	28.50	0.10	28.60	0.10
Austria 2340-2345	28.75	0.10	28.85	0.10
Austria 2345-2350	29.00	0.10	29.10	0.10
Austria 2350-2355	29.25	0.10	29.35	0.10
Austria 2355-2360	29.50	0.10	29.60	0.10
Austria 2360-2365	29.75	0.10	29.85	0.10
Austria 2365-2370	30.00	0.10	30.10	0.10
Austria 2370-2375	30.25	0.10	30.35	0.10
Austria 2375-2380	30.50	0.10	30.60	0.10
Austria 2380-2385	30.75	0.10	30.85	0.10
Austria 2385-2390	31.00	0.10	31.10	0.10
Austria 2390-2395	31.25	0.10	31.35	0.10
Austria 2395-2400	31.50	0.10	31.60	0.10
Austria 2400-2405	31.75	0.10	31.85	0.10
Austria 2405-2410	32.00	0.10	32.10	0.10
Austria 2410-2415	32.25	0.10	32.35	0.10
Austria 2415-2420	32.50	0.10	32.60	0.10
Austria 2420-2425	32.75	0.10	32.85	0.10
Austria 2425-2430	33.00	0.10	33.10	0.10
Austria 2430-2435	33.25	0.10	33.35	0.10
Austria 2435-2440	33.50	0.10	33.60	0.10
Austria 2440-2445	33.75	0.10	33.85	0.10
Austria 2445-2450	34.00	0.10	34.10	0.10
Austria 2450-2455	34.25	0.10	34.35	0.10
Austria 2455-2460	34.50	0.10	34.60	0.10
Austria 2460-2465	34.75	0.10	34.85	0.10
Austria 2465-2470	35.00	0.10	35.10	0.10
Austria 2470-2475	35.25	0.10	35.35	0.10
Austria 2475-2480	35.50	0.10	35.60	0.10
Austria 2480-2485	35.75	0.10	35.85	0.10
Austria 2485-2490	36.00	0.10	36.10	0.10
Austria 2490-2495	36.25	0.10	36.35	0.10
Austria 2495-2500	36.50	0.10	36.60	0.10
Austria 2500-2505	36.75	0.10	36.85	0.10
Austria 2505-2510	37.00	0.10	37.10	0.10
Austria 2510-2515	37.25	0.10	37.35	0.10
Austria 2515-2520	37.50	0.10	37.60	0.10
Austria 2520-2525	37.75	0.10	37.85	0.10
Austria 2525-2530	38.00	0.10	38.10	0.10
Austria 2530-2535	38.25	0.10	38.35	0.10
Austria 2535-2540	38.50	0.10	38.60	0.10
Austria 2540-2545	38.75	0.10	38.85	0.10
Austria 2545-2550	39.00	0.10	39.10	0.10
Austria 2550-2555	39.25	0.10	39.35	0.10
Austria 2555-2560	39.50	0.10	39.60	0.10
Austria 2560-2565	39.75	0.10	39.85	0.10
Austria 2565-2570	40.00	0.10	40.10	0.10
Austria 2570-2575	40.25	0.10	40.35	0.10
Austria 2575-2580	40.50	0.10	40.60	0.10
Austria 2580-2585	40.75	0.10	40.85	0.10
Austria 2585-2590	41.00	0.10	41.10	0.10
Austria 2590-2595	41.25	0.10	41.35	0.10
Austria 2595-2600	41.50	0.10	41.60	0.10
Austria 2600-2605	41.75	0.10	41.85	0.10
Austria 2605-2610	42.00	0.10	42.10	0.10
Austria 2610-2615	42.25	0.10	42.35	0.10
Austria 2615-2620	42.50	0.10	42.60	0.10
Austria 2620-2625	42.75	0.10	42.85	0.10
Austria 2625-2630	43.00	0.10	43.10	0.10
Austria 2630-2635	43.25	0.10	43.35	0.10
Austria 2635-2640	43.50	0.10	43.60	0.10
Austria 2640-2645	43.75	0.10	43.85	0.10
Austria 2645-2650	44.00	0.10	44.10	0.10
Austria 2650-2655	44.25	0.10	44.35	0.10
Austria 2655-2660	44.50	0.10	44.60	0.10
Austria 2660-2665	44.75	0.10	44.85	0.10
Austria 2665-2670	45.00	0.10	45.10	0.10
Austria 2670-2675	45.25	0.10	45.35	0.10
Austria 2675-2680	45.50	0.10	45.60	0.10
Austria 2680-2685	45.75	0.10	45.85	0.10
Austria 2685-2690	46.00	0.10	46.10	0.10
Austria 2690-2695	46.25	0.10	46.35	0.10
Austria 2695-2700	46.50	0.10	46.60	0.10
Austria 2700-2705	46.75	0.10	46.85	0.10
Austria 2705-2710	47.00	0.10	47.10	0.10
Austria 2710-2715	47.25	0.10	47.35	0.10
Austria 2715-2720	47.50	0.10	47.60	0.10
Austria 2720-2725	47.75	0.10	47.85	0.10
Austria 2725-2730	48.00	0.10	48.10	0.10
Austria 2730-2735	48.25	0.10	48.35	0.10
Austria 2735-2740	48.50	0.10	48.60	0.10
Austria 2740-2745	48.75	0.10	48.85	0.10
Austria 2745-2750	49.00	0.10	49.10	0.10
Austria 2750-2755	49.25	0.10	49.35	0.10
Austria 2755-2760	49.50	0.10	49.60	0.10
Austria 2760-2765	49.75	0.10	49.85	0.10
Austria 2765-2770	50.00	0.10	50.10	0.10
Austria 2770-2775	50.25	0.10	50.35	0.10
Austria 2775-2780	50.50	0.10	50.60	0.10
Austria 2780-2785	50.75	0.10	50.85	0.10
Austria 2785-2790	51.00	0.10	51.10	0.10
Austria 2790-2795	51.25	0.10	51.35	0.10
Austria 2795-2800	51.50	0.10	51.60	0.10
Austria 2800-2805	51.75	0.10	51.85	0.10
Austria 2805-2810	52.00	0.10	52.10	0.10
Austria 2810-2815	52.25	0.10	52.35	0.10
Austria 2815-2820	52.50	0.10	52.60	0.10
Austria 2820-2825	52.75	0.10	52.85	0.10
Austria 2825-2830	53.00	0.10	53.10	0.10
Austria 2830-2835	53.25	0.10	53.35	0.10
Austria 2835-2840	53.50	0.10	53.60	0.10
Austria 2840-2845	53.75	0.10	53.85	0.10
Austria 2845-2850	54.00	0.10	54.10	0.10
Austria 2850-2855	54.25	0.10	54.35	0.10
Austria 2855-2860	54.50	0.10	54.60	0.10
Austria 2860-2865	54.75	0.10	54.85	0.10
Austria 2865-2870	55.00	0.10	55.10	0.10
Austria 2870-2875	55.25	0.10	55.35	0.10
Austria 2875-2880	55.50	0.10	55.60	0.10
Austria 2880-2885	55.75	0.10	55.85	0.10
Austria 2885-2890	56.00	0.10	56.10	0.10
Austria 2890-2895	56.25	0.10	56.35	0.10
Austria 2895-2900	56.50	0.10	56.60	0.10
Austria 2900-2905	56.75	0.10	56.85	0.10
Austria 2905-2910	57.00	0.10	57.10	0.10
Austria 2910-2915	57.25	0.10	57.35	0.10
Austria 2915-2920	57.50	0.10	57.60	0.10
Austria 2920-2925	57.75	0.10	57.85	0.10
Austria 2925-2930	58.00	0.10	58.10	0.10
Austria 2930-2935	58.25	0.10	58.35	0.10
Austria 2935-2940	58.50	0.10	58.60	0.10
Austria 2940-2945	58.75	0.10	58.85	0.10
Austria 2945-2950	59.00	0.10	59.10	0.10
Austria 2950-2955	59.25	0.10	59.35	0.10
Austria 2955-2960	59.50	0.10	59.60	0.10
Austria 2960-2965	59.75	0.10	59.85	0.10
Austria 2965-2970	60.00	0.10	60.10	0.10
Austria 2970-2975	60.25	0.10	60.35	0.10
Austria 2975-2980	60.50	0.10	60.60	0.10
Austria 2980-2985	60.75	0.10	60.85	0.10
Austria 2985-2990	61.00	0.10	61.10	0.10
Austria 2990-2995	61.25	0.10	61.35	0.10
Austria 2995-3000	61.50	0.10	61.60	0.10
Austria 3000-3005	61.75	0.10	61.85	0.10
Austria 3005-3010	62.00	0.10	62.10	0.10
Austria 3010-3015	62.25	0.10	62.35	0.10
Austria 3015-3020	62.50	0.10	62.60	0.10
Austria 3020-3025	62.75	0.10	62.85	0.10
Austria 3025-3030	63.00	0.10	63.10	0.10
Austria 3030-3035	63.25	0.10	63.35	0.10
Austria 3035-3040	63.50	0.10		







# WALL STREET

## Sixteen months that left the market with little more than hope

Philip Greer

Wall Street had its way at few months of 1974. Never have happened. If the brokers could the calendar they be likely to wipe out past 16 months.

As in January 1973, the stock market began to rise from its record lows; and it was not after that that the financial community began to breathe a spring of optimism. What it has become, a somber, downcast, too shaken to smile, too uncertain to do more than hope.

Street is certainly in mourning. Reports still look for the return of prosperity for both the brokers and their clients. Leaders of the industry insist that the changes rocking the market, and the political and upheavals buffeting American society, are chief causes of Wall Street's torpor—and that times will return.

But there is little sign of any logical upturn in Wall Street today. Brokers' board, accustomed to the use of telephones and the use of investors following each other for it, often at the cost of ignoring and even alienating their smaller clients—most of the profit has been written out by a series of changes in the way Wall Street charges for its services.

At the same time, individual brokers, who supported the growth of nationwide and often worldwide networks of sales offices (and the supporting facilities) became more expensive to process. The fall in the number of individual investors (1,500,000) have given up stock ownership in the past two years, according to stock exchange figures.

A highly placed executive in the industry says he wonders whether the exchange will ever admit the number of siphoned off still more of the industry's profits.

Over the past decade, the pattern of trading on the New York Stock Exchange, which accounts for more than 70 per cent of the activity on all the country's exchanges, has shifted drastically. In the early 1950s, individual public investors accounted for about 70 per cent of the volume. Institutions such as banks, insurance companies and mutual funds made up the remaining 30 per cent.

These changes and these psychological onslaughts have come at a time when the industry is facing its most drastic overhaul in the 150 years of its existence. In a few years, the "central market system" will replace the present patchwork exchange dominated by a structure—and the brokers are holding their collective breath at the additional changes that will be wrought by the adjustments that will be required.

The combination of a disaffected clientele and a disheartened inner core has produced a lethargy that at times threatens to engulf the financial community. Stock salesmen who once entertained clients at expensive restaurants now drive taxis to obtain additional income.

Watergate and its aftermath have certainly taken their toll on both the financial community and its customers. Polls taken over the past year or so have shown a steady erosion of public confidence in the nation's institutions, among which the New York Stock Exchange certainly must stand in the front rank. The brokers themselves, who overwhelmingly supported President Nixon in his re-election campaign in 1972, have been deeply disturbed by the revelations of spying, law evasion and immoral behavior that mark the Watergate story.

So, just as the investing public seems to have more on its mind than the buying and selling of stocks—the volume of stock exchange business in New York has been trading at a rate of about 13 million to 14 million shares a day since the beginning of this year, far below the 20 million and more each day of a few years ago.

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Thousands of salesmen have left the industry. The Stock Exchange has no precise figures on the number who left in 1973, although it promises to have them soon. A highly placed executive in the industry says he wonders whether the exchange will ever admit the number of siphoned off still more of the industry's profits.

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## 'Principal world banker' again after end of tax



by George W. Ball  
President, Lehman Brothers

It is a habit of American presidents to select their secretaries of the Treasury from the private sector. Thus, most secretaries for the past 25 years have been private commercial or investment bankers, with a few lawyers, professors and statisticians to break the monopoly. The one politician among them was Mr. John Connally, whose tenure at the Treasury was more spectacular than long-lasting.

As a result, relations between the Treasury and Wall Street are normally more relaxed than between the Chancellor of the Exchequer and the City. Not only have Treasury secretaries learned their way round the financial community before coming to Washington but they frequently gravitate there when their periods of official duty are finished. So easy, in fact, is the transition between the public and private sectors that some recent administrations have had four or five Treasury secretaries in a single term.

It is hardly surprising, therefore, that many leading figures in Wall Street have had past Treasury experience, or that the present Secretary of the Treasury designate is a recent recruit from an investment banking house.

Given these circumstances, it is only natural to expect a continuous cross-fertilization of ideas. Nor is it difficult for influential individuals on Wall Street to make their views known on such key issues as the reform of the international monetary system or the problems of recycling the excess revenues of the oil-producing countries.

Much consultation is carried on in a highly unstructured manner with bits and pieces of information and ideas passed back and forth through casual visits and a continuing flow of telephone calls. But some secretaries also have seen fit to consult the private financial sector in a more systematic way. Thus Mr. Henry Fowler, Secretary during the latter years of the Johnson Administration, held long and frequent sessions with an advisory committee from the private sector while developing proposals that led to the institution of special drawing rights.

Now, over several months, an advisory committee includes a number of Wall Street luminaries has been consulting with the Treasury on possible American proposals for reforming the international monetary system. The use made of such bodies depends on the habits and temperament of the individual Secretary. Some find them useful, some prefer to rely solely on the professionals of their own staffs.

As a general rule the principal Treasury advisers have been drawn from the large commercial and investment banks, with perhaps greater emphasis on the latter. Brokers, as such, have played little part in consultations with the Treasury. Their contacts in the Government have been more with the Securities and Exchange Commission, which exercises a strong regulatory hand over their business.

Even more important than the assistance that the financial community provides the Treasury in selling and making a market, not only for direct government obligations but for the expanding list of government guaranteed borrowings by specialized government corporations.

But it remains the fundamental purpose of Wall Street to mobilize capital to meet the burgeoning requirements of the American private sector. The resources of the financial community will have to be fully used to meet probable financial needs of companies. For example, it has been estimated that through the rest of the seventies corporate needs for plant, inventory and working capital will increase by more than \$1,500,000m. Of this, approximately \$1,000,000m should be raised from corporate retained earnings and depreciation but the remaining \$500,000m of long and short-term funds will have to be raised on the market.

Added to this is the fact that, with the interest equalization tax now finished, Wall Street will once again become a principal banker for the world. The magnitude of prospective demand on the money mobilization machinery can hardly be overestimated.

Just how, and through what channels, the needed funds will be mobilized cannot be foretold with precision, since major changes are taking place in the Street. The fact that small investors have largely abandoned the stock market greatly complicates the finding of money for new ventures. Whether or not they can be induced to reenter the market with anything like their former enthusiasm is by no means certain.

continued on next page

## Lukewarm response to foreign bond offerings



by Henry Kaufman  
partner, Salomon Brothers

The end of restrictions by the United States on foreign lending and investing at the end of January gave an international flavor to the American capital market. It was expected that the lifting of these restrictions would give rise to a substantial new volume of foreign bond issues, especially in view of the balance of payments deficit in Europe and Japan caused by the sharply higher oil prices. But, although the American capital market is by far the largest and most resilient in the world, the response to date to new foreign bond offerings in New York has been lukewarm.

One of the big difficulties confronting the new foreign bond issues offered in the United States during the past few months was beyond the control of the issuers or the American underwriters. There have been mounting concerns in the American bond market lately which have emanated largely from domestic developments. While the American economy contracted in real terms during the first quarter of 1974, the rate of inflation accelerated, keeping domestic credit demands extraordinarily high. At the same time, new savings generation has been only moderate because inflation has forced individuals to reduce their savings in order to maintain their spending.

Inflation has also forced the American monetary authorities to conduct a far tougher monetary policy than they would normally pursue during an economic slowdown. As a consequence, American interest rates have risen dramatically since the end of the balance of payments regulations.

In the period from the end of January to the beginning of this month, the three-month commercial paper rate has risen 250 basis points to 11 per cent and American high-grade corporate bonds by nearly 100 basis points to 8.10 per cent. Thus the yield curve in the corporate sector, which had been slightly positive early this year with long-term interest rates exceeding short-term, turned negative again.

Foreign issuers must recognize that at best they will be only a very marginal force in the American bond market and that their ability to attract funds depends on how much room is left for new financing after the American issuers have been satisfied.

A few statistics clearly illustrate the difference between these two groups. Foreign borrowers may well be able to raise between \$2,000m and \$3,000m net in the American bond market this year, up from \$700m in 1973, but this looks very small indeed against the burgeoning demands of several aggressive issuers in the United States.

tight monetary policy, and continued strong inflationary expectations, foreign borrowers seeking funds in the United States must be prepared to offer American investors a substantial interest rate premium over comparable quality American securities.

Foreign issuers will probably raise most of their funds in the private placement market. This is because this type of financing does not require registration with the Securities and Exchange Commission, a time-consuming procedure that also requires the submission of detailed financial reports conforming to the commission's format.

Private placement commitments can be obtained quickly but not without intensive negotiations on interest rates and financial covenants. They also allow the borrower to take down the funds on a delayed basis, an option not available on public offerings.

It should be recognized that the private placement market is strictly institutional and not broadly based. Its major participants are insurance companies and private and public pension funds. The availability of money from these institutions for foreign credit is limited. These institutions obtain contractual savings flows and therefore cannot expand rapidly their availability of funds in any one year in many instances, insurance companies can accept foreign issues only up to the "1 per cent basket" clause.

In placing foreign issues privately, four measures are often helpful: obtaining a credit rating from independent rating agencies; limiting the final maturity of the issue to 15 years; setting an average life of the issue of not beyond 10 years; and using the proceeds of the financing in the United States, thus allowing some American institutional investors to apply more liberal portfolio interpretation for the financing. For countries seeking substantial sums, a controlled approach to tapping the American market can also be helpful. A rush to finance is likely to add confusion and difficulties in pricing issues.

The best known foreign borrower in the United States is Canada. Borrowings by Canada, encompassing the provinces, hydroelectric projects and private business, totalled \$900m in 1972 and \$800m in 1973. It is likely to total \$1,500m this year. There is much that makes the Canadian-American relationship unique—for example, contiguous borders and the close commercial and industrial ties. Nevertheless, Canadian borrowers in the American capital market have done much to enhance the attraction of their obligations to American investors.

They have generally offered high quality obligations, and they have been willing to adhere to American financial reporting standards. They have also been consistent borrowers, establishing a familiarity with American investors over a period of years, and their securities have turned in an excellent performance record, enabling Canadians to borrow now at a smaller cost spread over comparable American issues than prevailed years ago.

For most new foreign borrowers seeking money in the American market this year, however, the availability of funds will be limited because of the strong internal demand for credit. In the sure, funds are available but foreign issuers should be willing to bid for American funds by offering to pay a substantial interest rate inducement above the interest rate attached to American issues.

The real benefits of financing in the United States will accrue only to those who become consistent participants in the American capital market. This will provide the investor with the opportunity to gain familiarity and experience with foreign issuers, and they in turn will be able to tap a wider range of the financing alternatives that are available.

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## Universal inflation undermines accepted maxims about free market economies

by Gabriel Hauge  
chairman of the board,  
Manufacturers Hanover  
Trust Company



Recent events have radically altered the world in which international banks will operate. A near-global regime of floating exchange rates has challenged bankers' lives. Relaxation of controls on credit and capital movements in the United States and elsewhere, side by side with new controls in other countries has added another dimension of uncertainty.

Most important, worldwide inflation has undermined accepted maxims about free market economies on which international finance ultimately rests. In particular, the recent dramatic rise in world commodity prices has created new challenges and responsibilities for international banks.

One way in which sharply higher prices for oil, agricultural products, ores and other basic materials have affected bankers is in strongly growing demand for

the type of financing that has traditionally been considered the principal international function of banks, the financing of the movement of goods. With the price of oil up by 300 per cent in the past few months and other commodities also up substantially, the movement of commodities has risen.

Growth in the demand for export and import financing will not, of course, be related exclusively to the inflation of commodity prices. International trade has been growing rapidly for many years, long before the present round of inflation, and such growth should be expected to continue in the future.

The world has become steadily more closely interrelated in its economic activities and this has led to ever larger movements of goods among countries. In addition, while political stability in many countries is temporarily slowing progress towards the next round of trade liberalization agreements, it is clear there is a strong, underlying drive towards reform that will, in time, lead to further liberalization of trade restraints and additional impetus towards financing demands associated with trade.

Another way in which higher prices for oil and other materials have already become visible is in a wave of demand for financing commitments related to a desire on the part of many countries to become self-sufficient in access to energy and raw materials. Requests

for financing of nuclear power facilities, offshore drilling rigs, mines and smelters and similar investments have snowballed.

The credit demands associated with long-term capital investments are much broader than just those related to energy and other basic materials. The rate of economic growth throughout the developed world during the past few years drove the demand for a broad range of materials and products in to and through industry's capacity to produce.

Capacity shortages exist in a wide range of industries, and record capital spending programmes to correct capacity limitations are underway, involving potential demands for credit of a huge magnitude.

In the case of the United States alone it is estimated that in the 15 years between 1971 and 1985 industry will require \$2,000,000m in external financing for capital purposes. While the larger part of this financing will, and properly should be done in the bond and equity markets, banks will surely be called on to provide a significant part of the total, since the world's capital markets will not be able to provide all the funds needed.

As a corollary of worldwide inflation, and particularly commodity inflation, along with uncertainties about currency values that such inflation engenders, the demands of international business upon banks to provide broad foreign exchange markets have been steadily escalating. But these same pressures have im-

posed on the international monetary system a reluctant acquiescence in floating exchange rates.

Most non-financial companies have been able to live with floating exchange rates, even though the premium for forward cover of their exposures has sometimes been excessive. This has been possible, however, only because international banks have been able and prepared to make broad markets, sometimes at added risk to themselves.

The recent removal of controls on capital and credit movements out of the United States has been hailed by American banks as a welcome step towards a one-world financial market.

Interest rates in the American and world markets are coming into better balance, and the movement toward freer international money flows will be immeasurably important in channeling the huge movements of money to where it is most needed.

While the demand on the banking system from the private sector to finance movement of goods, energy-related investments, foreign exchange arbitrage and the rest are and will continue to be large, probably the most important role for international banks in the years just ahead will be in recycling the surplus earnings of oil-exporting countries into credits to the oil-importing countries.

A substantial amount of such financing has already passed through the Eurodollar market. It is hoped that soon more and more of the oil surplus will move into

long-term investment both developed and developing countries, thus providing through capital at least part of the financing needed to expand their economies.

The role of banks in providing credit to these countries is a point to which the petroleum industry has long pointed. The prospects for the international banks to chase short-term deposits and lend longer term at some against the interests of themselves, capital home and abroad, and the profits to be made in the setting of international credit point in the same way.

There is, however, side to the story. The aggregate of this spirals upward, increasing reliance upon the money market, the larger foreign risks, the vulnerability of the international system to unexpected increases.

In fulfilling their duties to the market, banks will be prudent in the stance. In particular, banks regularly add capital accounts, but will maintain reasonable capital of the institution, the risk exposure, and accepting.

The future of national banking for States banks is, if bright, but that tries with it risks to impose added responsibilities for sound bank management.

The author is a partner of the New York Exchange.

## New conditions force radical changes

by Leon Levy

A study made some years ago concluded, perhaps facetiously, that Wall Street was more cyclical than any other industry in the United States except pop music. It turned out that 1968, with its booming underwritings, stock exchange volume and rising prices, was merely another of Wall Street's cyclical peaks.

By 1973, each of these businesses was in reverse gear; but the coming of the institutions and the newly found independence of corporations were permanent. The Street was forced to adapt to radically new conditions after changing relatively little for generations. About half the major underwriters of the middle 1950s no longer exist. In December, 1958, the first blow fell. Discounts went into effect on large block transactions and this was only the beginning. In April, 1971, negotiated commissions were established for that portion of all trade over \$500,000. This figure was reduced to \$300,000 where it still stands.

Today, however, virtually everyone on Wall Street believes that all fixed commissions will be eliminated within the next couple of years.

Until 1973, the decline in stock exchange volume and lower commissions fortunately were offset by rising underwriting business; but last year everything was bad. New issues of equities de-

clined by one third from the average of 1971 and 1972 while today underwritings in the pipelines are less than they were a year ago.

Were this the end of the tale, the outlook would be as gloomy as was 1973 for investment bankers. Wall Street brokers and investors. Fortunately, trends spawn counter-trends, but often slowly. Also, cyclical bottoms are often followed by cyclical rises, but much more rapidly.

### Banks make small personal loans

Since the 1930s and the forced separation of investment banking from commercial banking brought about by the Glass-Steagall Act, both banks and insurance companies have been attempting, successfully, to expand into many other financially related businesses.

Banks now make small personal loans, finance car purchases and home improvements, lease and factor, insure the stock market by operating funds, selling variable annuities and making direct equity investments. Helped by taking related business, they have acquired enormous financial assets. The capital of any of the largest banks or insurance companies easily dwarfs that

of the entire investment banking and brokerage industry. Last year, they increased their investments in Wall Street firms.

While individual partners and stockholders withdrew about \$5,000m capital in 1973, institutions raised their stake. The trend for institutions whose managers are not owners but custodians of funds, to take over Wall Street really got underway last year.

Within legal restrictions, the banks make subordinated loans which count as capital. They are also studying the takeover of Street bookkeeping operations. Adversely they affect private placements for fees, do mergers and even execute small orders from customers' checking accounts.

Yet they cannot become direct shareholders and, hence, cannot underwrite corporate securities. However, foreign institutions are not subject to these restrictions. Already about 40 of them have invested in United States firms, including five members of the New York Stock Exchange.

In short, for most of the century Wall Street failed to recognize two major social forces. One was the decline in importance of large personal fortunes. The other was the managerial revolution and the creation of huge reservoirs of institutional funds.

By facing backward, the Street almost put itself out

of business. It found itself in the position of Italian city-states after the rise of nationalism, at the mercy of stronger forces. Or perhaps, in the analogy to the nineteenth-century New England and Manchester textile industries is closer. However, there is a critical difference.

Wall Street is, far more important to the clients it services, virtually all of whom are industrial corporations or financial institutions, its function of helping the exchange of securities and other money is vital to the economic system. Therefore, it is a safe assumption that this necessary service will be continued and operated at a reasonable profit like other financial businesses.

Normal growth will mean that Wall Street will absorb

double its capital within five years. The return will have sufficiently attractive in substantial new.

This capital will come not from institutions, but from America or abroad. The national boundaries, however, are less important to the clients it services, virtually all of whom are industrial corporations or financial institutions, its function of helping the exchange of securities and other money is vital to the economic system. Therefore, it is a safe assumption that this necessary service will be continued and operated at a reasonable profit like other financial businesses.

Normal growth will mean that Wall Street will absorb

## 'Principal world banker' again after end of tax

continued from preceding page

That insurance companies, corporate fiduciaries, pension trust managers and other institutional investors cannot be expected to fill the gap for venture capital is obvious. Their conservative attitude in the purchase of equities has been graphically shown by the development of the so-called two-tier stock market, with a small elite list of high multiple share prices enjoying values substantially above the general average.

In the area of debt obligations the banks and the large institutional investors are also playing an increasing role. The historic terrain of the investment banks has been to some extent invaded, as the commercial banks reach for longer-term credits. Meanwhile, medium and lower-rated credits are being increasingly financed through private placements.

That Wall Street is in the process of major structural changes is evident on all fronts. The disappearance of private investors from the equity market and the prevailing low volume of transactions is only one of the problems now facing the brokerage industry. The requirement, effective next year, that brokerage fees be negotiated for all transactions, thus supplanting the fixed fee system on which the prosperity of the industry had been built—when coupled with the emergence of an expanding third market—is bound to bring about a major shaking out, resulting in the merger or disappearance of many brokerage firms. Add to that a possible decision to permit institutions direct access to the major exchanges and the woes of the industry would become even more acute.

But, though the distribution mechanism of the equity market is suffering the pangs of transition, the underwriting of equity issues by investment bankers is

likely to approach its former volume for established market names. This is likely either the momentary recovery of earlier ebullience or corporate managements reconciling themselves to a continuing pattern of price-earnings ratios substantially below the historical level.

Whether they like it or not—and many are equivocal on the point—Wall Street investment banking houses are now compelled to take a world view. The fact that international banking is essentially more difficult and complicated than operations to the domestic market and that substantial returns often require a long-term investment of time and effort tended during the lush postwar years to persuade many Wall Street firms to concentrate on the home market.

But now that the multinational corporation has become the customary pattern for their domestic customers, they find themselves more and more turning their attention abroad. The result is a gradual broadening of horizons that is bound to be further stimulated as the removal of the interest equalization tax once more permits foreign governments and enterprises to look for money in New York.

Yet it would be wrong to overestimate the hospitality—or even the absorptive capacity—of the market for foreign issues. Investors do not yet feel comfortable with the paper of foreign governments and all but the best known foreign enterprises, while many potential foreign borrowers are not prepared for the high costs of such financing. In addition many institutional investors are restricted by law or charter as to the percentage of foreign securities they can hold in their portfolios. Thus, though New York is being besieged by potential foreign borrowers, many are being put off by the unattractive terms and conditions now available.

Meanwhile, even the vocabulary of the Street has been expanded. In the immediate postwar years few Americans paid attention to such abstruse and seemingly irrelevant concepts as the nation's balance on international account or the operations of the international monetary system. But with the emergence of persistent deficits to America's own balance of payments and the increasing impact of imported products on the American market, the investment community was forced to shake off much of its parochialism.

Finally the successive adjustments of currency parities—including the revelation that even the dollar could be devalued—has brought home to the present Wall Street generation the indisputable fact that the world financial community is now so interdependent that knowledge of one national market—no matter how important that market may be—is not likely to prove good enough for the future.

Clearly the internationalization of American finance is a healthy development and, unless the nations of the world fail to evolve a workable monetary system and resort to the suicidal practice of obstructing the flow of capital at national borders, Wall Street seems destined to become as internationally minded as the City.

Its institutions are fundamentally sound, and barring some total world calamity they should prove adequate to the monumental task of mobilizing capital to support the growth of the American economy. At the same time, they should play a useful—indeed an essential—role in helping to finance the growth of the world economy that must more and more be regarded as all of one piece.

Mr Ball was Under-Secretary of State from 1961 to 1966 and is a former United States Ambassador to the United Nations.

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## Equities take smaller place in institutions' portfolios

Christopher D. Hlick, president, Robert R. Munn Inc.

shock to American institutional investors of the 1973-74 performance has resulted in a more objective, long-term view of the equity market—and a resurgence of interest in long-term bonds. In addition to the bond alternative, institutional investors face at least two other important questions: first, will worldwide economic and political developments alter the type of companies and industries which should become prime candidates for investment? second, will institutions feel compelled to diversify their holdings, compared with being heavily concentrated in their "favourite 50" stocks?

Intertwined in the answers to these questions is the outlook for the rate of inflation—both within the United States and in the world. Conventional wisdom has emphasized the advantage of equities as a hedge against inflation, but institutions have learned in the past few years that high rates of inflation are not at all good for equities, at least in the short term. When bond yields are high, reflecting inflationary expectations, they act as a depressant on the equity markets by providing attractive investment alternatives.

The general economic outlook indicates that there will be a recovery in the latter part of 1974 from the depressed level of business activity in the first half. In this event, one would expect inflationary pressures to keep long-term interest rates at high levels by the year end. For this reason, it appears likely that most institutional investors will increase their holdings of long-term debt as yields rise towards the latter part of 1974.

The oil embargo by the Arab nations came as a surprise to most institutional investors. We believe that the higher costs of energy and other raw materials in the United States will preclude a return to the lower rates of inflation which prevailed in the states. This prospect suggests a greater emphasis on debt securities in institutional portfolios well beyond 1974.

While the immediate fears of a recession in 1974 brought on by the energy crisis have modified somewhat, worries have not shifted to the constraint on the United States economy from a shortage of raw materials. Those security analysts and money managers who have been practitioners of the "growth stock" investment approach, which emphasized technology, services and consumer goods, are now shifting their interest to the "growth cyclical". These include paper, steel, cement, metals and mining, copper, chemicals, machinery, railways, construction and engineering. Shares in these industries were largely ignored by most institutional investors during the "performance" era.

Last year both the top tier stocks, and the rest of the market declined. Since then earnings have increased for the growth stocks and more so for the growth cyclical. As a result, we will have something of a two-tier market, but much less so than existed in mid-1973. We expect this trend to continue as public policy in the United States shifts to the savings and investment function.

The continued examination by Congress of the apparent dominance of institutional investors should also lead to further diversification of these portfolios. Their past concentration of holdings, and the resultant low price-earnings ratios for the rest of the equity market, have made raising new capital difficult, and in some cases near impossible, for unfavored companies. This has also resulted in an increased recourse to bank debt to supply funds for

expansion, and it adds strength to the developing Washington view that institutional portfolio holdings should be more diversified. Indeed, the 1970s should be the greatest period of capital formation, both absolutely and relatively, in history. Prices must rise further in the basic industries to justify a reasonable rate of return on the much needed new plant and mines. Corporate cash flow must be sufficient to provide a substantial part of the necessary capital. In addition, world capital markets will feel considerable pressure to supply the necessary funds and government policies must be geared to encourage savings.

Perhaps the Arab nations, ironically, have done the world a favour by effectively shifting perhaps as much as 2 per cent of world gross national product from consumption and towards investment. The seeking of capital from oil-producing countries will be a brisk race which we think will favour the United States and emphasize the investment attractiveness and self-sufficiency of its industries.

The broad decline in security values since 1968 and the lower level of underwriting activity have weakened Wall Street. Additionally, changes in the structure of fixed commission rates for brokerage transactions have lowered total revenues. These rates are now scheduled to become fully negotiated in 1975 or possibly 1976. Most institutional investors do not expect this change to reduce commission levels significantly, however.

The major change may be greater payment in cash for securities research. This could also accelerate the trend of institutional investors relying less on Wall Street and more on internal staffs of security analysts. It could also mean lower turn-over of securities in their portfolios as a result of less selling pressure from Wall Street.

The fact that equities in the United States are now so cheap—selling at the lowest prices for 25 years, and on average only about 20 per cent above book value—argues for a recovery in common stock prices when inflation appears to subside. The cash reserves of most institutional investors are high, generally because they have reduced their purchases of common stocks to their lowest levels in seven quarters. As the shortages of raw materials are corrected, inflationary pressures should abate. This should permit lower interest rates and improve stock market multiples.

## Press coverage has its critics

by Myron Kandel, editor, *Review of the Financial Press*

Many businessmen on Wall Street, particularly those in the embattled brokerage industry, feel that the American financial press has been unfairly one-sided in emphasizing their problems recently. There are others who believe that the press has been too soft on Wall Street's shortcomings, and that it should have shown more initiative in searching out and reporting its ills before they became public knowledge.

There is some truth in both criticisms. Like many other American journalists today, financial writers, once they taste the blood of a failing or questionable organization, are apt to go off in full cry after their quarry, regardless of the consequences. Some recent coverage of brokerage house failures reflected this tendency. At the same time there has been a decided lack of solid investigative reporting in the business and financial field. Many publications have neither the resources nor the inclination to go beyond the obvious.

The two most powerful forces in financial journalism are a pair of daily newspapers—the *New York Times*, which occupies an unchallenged role among general-circulation American newspapers, although its critics have become increasingly vocal in recent years, and the *Wall Street Journal*, which as the only major American daily circulated nationwide, has unparalleled impact on an increasingly dispersed financial community.

The *Times* has a financial news staff bigger than the entire editorial staffs of most American papers. On an average weekday, business and financial news fills more than eight full pages not counting advertisements including four pages devoted to stock-price listings. In addition to its New York staff, the *Times* has correspondents in Washington, Los Angeles, London and Paris who concentrate on economic developments, and it can also call upon the rest of the paper's worldwide staff of correspondents.

Despite these resources, the paper has not been notable for its coverage of business and finance, nor of Wall Street. The *Wall Street Journal* has consistently outperformed the *Times* in the securities industry, largely because of its ability to assign an experienced group of reporters to cover Wall Street as both a business and an investment area.

In the *Times*'s favour, however, is the fact that it is a seven-days-a-week paper, with a large Sunday business and financial section that can treat major developments in depth, while the *Journal* is published only on weekdays. Generally regarded as the top reporter covering the securities industry is the *Wall Street Journal*'s Richard Rustin, whose aggressive reporting has caused members of the New York Stock Exchange's board of directors to complain that they sometimes find out about new developments regarding the exchange by reading the paper.

However, Mr. Rustin and the *Journal* have been criticized for accentuating the negative and failing to put the securities industry—and its important role in the overall United States economic scene—in the proper perspective.

Only a few major newspapers outside New York have correspondents based in New York who specialize in financial news. Perhaps the best known of them is Philip Greer, a former stockbroker who wrote about Wall Street for the late lamented *New York Herald Tribune* and then moved to the *Washington Post*. But although he still covers Wall Street, on special occasions, Mr. Greer has not shifted his attention to broader business stories. Another stockbroker turned journalist is Robert Lechner, who has written some notable stories for the *Boston Globe*.

### New afternoon newspaper

New York City's two other daily papers, the *New York Daily News*, a mass-circulation morning paper, and the *Post*, the city's only afternoon newspaper, are not notable for their financial sections. They do, however, publish three well-read syndicated financial columns. The *Post* carries able reports by Sylvia Porter, the most widely circulated columnist dealing with business and financial matters, and Sam Shulsky, who answers investment questions from readers. A similar investment column is written by Doo Campbell, who also wears another hat as business editor of the *News*.

A new afternoon newspaper specializing in financial news is being planned by Mr. John Shabecoff, the oil man. Once postponed, it is now scheduled to appear later this year. On the magazine side, the two most important publications dealing with investment matter are *Barron's National Business and Financial Weekly* and *Forbes*, a twice-monthly, both of which are highly regarded by investors. Their articles about specific companies or industries frequently have an

## Promise as well as danger for those with savings

John E. Leslie, chairman, Bache & Co.

is, indeed, a troubled time in American life, particularly in the securities industry. It is a time of transition and reform; it is a time of great promise. The members of our industry, of the same in 1974 as were in 1966. There are twice as many of them.

Between 1967 and 1972, the number of households owning \$25,000 or over more than doubled, rising from 900 to more than three million. The number of households earning \$10,000 or over rose by 125 per cent. This trend is continuing, and the industry is responding to such matters as that discretionary potential savings investing money—will from \$170,000 a year in 1970 to an estimated \$300m a year in 1980, supports my fundamental optimistic view for the future of our securities market.

East, and even with the communist world. Economic interchanges in the long run are more momentous than the political understandings of the day. Without sound finance and trade, political agreements become fragile.

Turning to our stock market, 1973 saw the culmination of five years of cumulative gains for many investors. All the indices declined; but their record over the past few years, whether they represent an individual's investments or the larger funds of a professionally managed portfolio.

One should not be surprised that many individuals were disillusioned with the stock market. The question is, however, whether the individual should write it off. It is impossible to use it as the cornerstone of a successful investment programme. The answers to these questions bring us into the realm of investment aims and investment horizons. Investment values and the thrust of growth in the American economy.

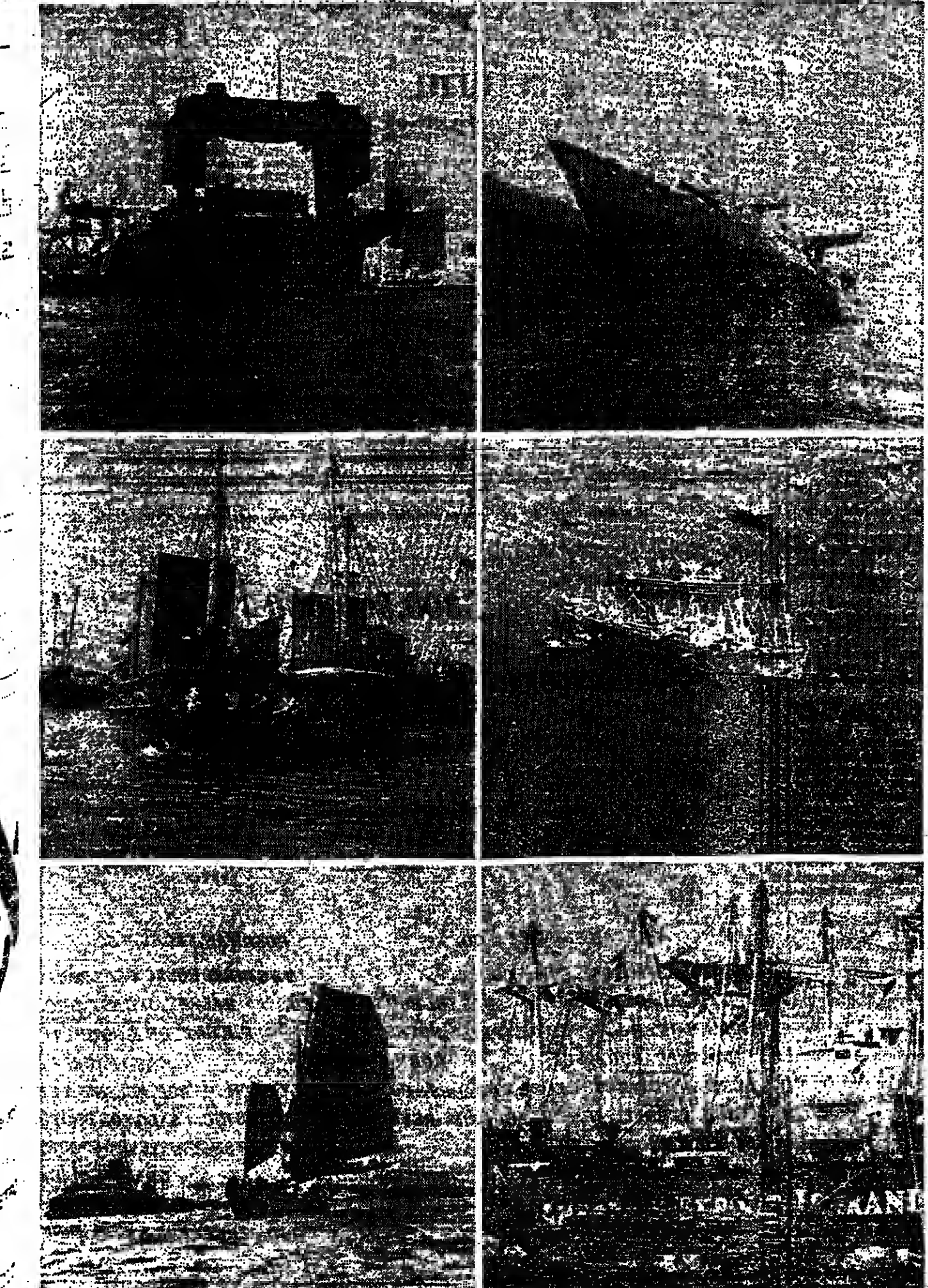
Investment goals and horizons must be analysed and defined in today's difficult market. The market is thin and volatile, and it takes an agile trader to prosper in a thin market where most stocks are declining. The investor on the other hand, should have a more distant horizon which is implied in his investment programme.

Today's depressed markets offer many opportunities for investors with the long term in mind to acquire shares of well known, well established, "real" companies at price-earnings multiples that frequently have not been seen for decades and with excellent yields on well protected dividends.

The combination of yield (frequently 6 per cent to 7.5 per cent) and modest but highly predictable earnings growth (estimated at 6 per cent to 10 per cent) over a three-year horizon promises good protection against current inflation rates. Furthermore, if dividend payouts are retained at historic rates as earnings grow, and if multiples recover to more normal levels, these investments could prove to be quite successful at relatively low risk.

It is my belief that the United States economy will continue to grow, and its growth should be stronger in sectors where problems create opportunities. The performance of several industries would suggest interesting potential for the future in the following areas:

Energy. Oil and gas will probably continue to be in short supply for years to come. The stocks of companies involved in finding and developing oil and gas in politically secure parts of the world—everything, of course, is relative—should continue to do well. Manufacturers of drilling equipment, pipeline builders and refinery builders should enjoy improved business.



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## Bridge legislation to protect the New York Stock Exchange

In April, 1971, urged by the Securities and Exchange Commission, the Big Board of the New York Stock Exchange eliminated fixed commissions on orders over \$500,000. This figure was later dropped to cover orders over \$300,000; and on April 1 this year the exchange eliminated all fixed commissions on orders up to \$2,000, and removed fixed maximum rates on orders up to \$5,000.

On May 1 next year, again at the Securities and Exchange Commission's insistence, fixed commission rates will be removed altogether. Fears are widespread that without a corresponding requirement that all trading in listed securities be done on exchanges, brokers will find it more profitable to make their own markets.

Mr. James J. Needham, a former commissioner of the SEC and chairman of the NYSE for the past two years, was asked about these and other issues in a recent interview with Myron Kandel.

Myron Kandel: Do you expect fully negotiated rates to be in effect by next May 1?

James Needham: Yes. If that happens, will you be able to keep your member firms on the exchange and make it worth while for them to remain members?

Well, we have a fundamental concern that will be an incentive for members to leave the exchange and to

open up dealer operations in their own offices. That is why we are so interested in the establishment of a central market system. What are your chances of getting that?

I think they are good. I believe we have been persuasive with the Treasury Department, the SEC and Congress. They do not agree with a hedge, but they agree to enact some kind of bridge legislation to protect the auction market.

What is the goal of this bridge legislation?

The goal is to hold the membership and to keep the order flow coming to the exchange until the central market system is in place.

Do you think the talk by some member firms about leaving the exchange is real?

I believe it is. As a businessman, I look at the low volume we have now. I look at the low stock prices, and the feeling that the market is not doing well. It takes a great deal of time and effort to get the market back to a level where there would be no market maintenance program.

Similar to the one our specialists have to adhere to. You have spoken about the

importance of a bridge process between the start of the negotiated rates and the establishment of a central market system. What are your chances of getting that?

I think they are good. I believe we have been persuasive with the Treasury Department, the SEC and Congress. They do not agree with a hedge, but they agree to enact some kind of bridge legislation to protect the auction market.

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Mr. James J. Needham.

available to them in a dealer market.

And what specifically do you do in the face of that?

We work to get the bridge. Without the bridge I do not know where we are, or where we will be.

Do you still consider the third market (dealing in listed securities off the exchange) the threat you considered six months ago?

I never considered the third market a threat, given the existing situation. But when you move away from the existing framework of exchange rules and regula-

tions, and open up the doors of the exchange to all eligible broker-dealers, then the third market is a threat to the perpetuation of the auction market.

In other words, it represents fragmentation of the market. And I think that everyone who has studied the question has concluded that fragmentation of the market is not in the best interest of the United States. That is why you have Bills in both the Senate and the House calling for a national market system and why you have the SEC asking for a central market. What they are really saying is that we do not want to see a continuation of the fragmentation of our markets.

Do you really think there will be a new Securities Act?

I keep hoping there will be, because if there is not a Securities Bill by next May, then I, as chairman of the New York Stock Exchange, will be in a terrible position. I am going to have to re-evaluate our position on just about every matter and then go to our board with specific proposals for them to consider.

There is a group of exchange members who feel that if the legislation is not in place it would be an abso-

lute disaster to go to competitive rates, that we would be better off—in fact I am getting the pressure already—to go for a rate increase until the legislation is passed. That is one of the reasons why I publicly keep urging the Congress to pass the legislation so I do not have to face up to that problem.

We have to have it in place by May 1, 1975. Whether it is in this session or the early part of the next Congress, I do not care. But it has to be there. The member firms have to plan.

My current appraisal, however, is a very dim one. On the Senate side, of course, most of the major legislation has passed. But the House side is where the problem is. New legislation calling for a national board of exchanges has just been introduced, and it muddles up the waters totally. I feel we are going to get there some day, but to bring it up in the context of the present Bill just confuses matters.

So you are not opposed to it in principle, but you are opposed to including it at this late date?

There has not been sufficient testimony on it. You know the vested interests involved. The Amex has one

point of view. The Midway Stock Exchange has another. And we have a different view. And to get that part of the discussion going on at a time when we need this legislation, even though there are parts of it we do not like, is just going to confuse matters.

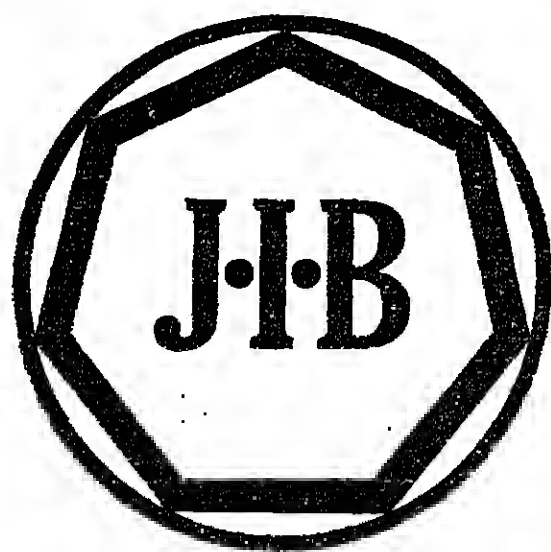
Talking about the American Stock Exchange, what do you think about the possibility of a merger between the Amex and the New York Stock Exchange in the near future?

From looking at the financial statements of the Amex it is clear to me, as it is to everybody else, that they are having problems. And yet there are a lot of listed stocks over there. The Big Board some day needs them. The Amex is a feeder system for us.

The over-the-counter market is another part of the system. I believe that the Amex came to us to give us over, we would give it serious consideration. But we would not initiate the discussions. The impact, however, might come from the firms that are members of both exchanges. Or from the Securities Industry Association.

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## Small investor is losing confidence in the future

by James W. Michaels

A well-known man of Wall Street, a survivor of 1929 and a big winner of the 1930s and 1940s, was talking about equities recently. "You would have to go way back," he said, "to find bargains like these. The price-earnings ratios are something out of the thirties and forties."

He pointed to Goodyear, the big rubber company. A few years ago Goodyear sold at high as 15 times earnings; recently it was going for six. He pointed to Union Carbide; once 20 times earnings, now not much over seven.

So, what "bargains" was he buying? "Oh," he replied, "I'm mostly in Treasury bills. He was not contradicting himself. His point was that over long periods stocks yield about 9 per cent including both dividends and capital gains; for an exceptionally skilled investor the figure is perhaps 12 per cent. But in the short-term paper yields almost as much. Why gamble?"

This is a knowledgeable explanation of the sick stock market to New York. But the same general feeling permeates the entire investment public. Right or wrong the feeling is that common shares cannot compete with inflation. You need not be a security analyst or a banker to know that stocks have been a poor holding and a terrible

buy for the past five years and more.

At the end of April the Dow-Jones Industrial stood about where they were a full 10 years earlier. Inflation and taxes had more than wiped out the dividends, leaving stockholders with a negative net yield. Professionals managed portfolios have not done notably better.

Forbes magazine, which keeps detailed statistics of mutual funds over long periods, last year could find only nine funds out of nearly 400 that "consistently outperformed the averages."

Investors were hardly reassured when figures released by Morgan Guaranty last month showed that a large fund run by this money-managing bank of high repute was down more than 20 per cent in 1973.

In a way 1973 is even worse than 1972 for Wall Street. In last year's dismal slump there were at least a few stars. Pullman, riding the boom in railway equipment as well as the prospective boom in petroleum, rose something like 135 per cent. Any company having anything to do with oil drilling did spectacularly well. So did many manufacturers of capital goods; Ingersoll Rand, for example, was up like a rocket 80 per cent. But last year's stars have not fared well in 1974. Pullman has lost more than half its gain and Ingersoll Rand is down sharply.

Good performers in 1973 were the so-called "derived demand" stocks. These represented companies whose fortunes depend not so much on their own efforts as on the fortunes of their customers. Steel, paper, aluminum, chemicals, copper are examples—and, by extension, the railways. Big gains last year, these stocks have tended to give up some of their gains in 1974.

Kennecott Copper, important both in coal and copper, is down about 20 per cent from its highest price of 1973. St Regis Paper is almost down 15 per cent. Most chemical stocks are down 10 per cent and more. United States Steel, up 50 per cent from last year's lowest figure, has held well, but still sells for just seven times earnings.

The banks, another strong group last year, have slipped most of the way back. Chase Manhattan, for example, sold close to 60 last autumn and now is down to the middle 40s. The average national oil stock is down 10 per cent, what with the Middle East crisis, but those oil companies with big holdings outside the Middle East were winners. Phillips Petroleum, for example, almost doubled in price last year, thanks to its stake in the North Sea and in the United States. But this year Phillips is down from 70 to a recent 50.

who turns to good common stock performance. And in 1973 these managers were few and far between. Many of the stock managers who did do well in 1973 were, paradoxically, those who stayed out of the market. These are the so-called market timers who attempt to predict the market and act accordingly, selling out their portfolios at a market peak and reinvesting at the bottom.

## Time of uncertainty for pension reform

by Barbara A. Patocka

senior editor, Institutional Investor

In Washington, DC, a joint committee of the United States Senate and House of Representatives is labouring on the final wording of a wide-ranging pension reform Bill which it is predicted will become law before winter.

The fruit of many years of effort by reformers in organized labour and Congress, the Bill will not make pension plans mandatory for private industry as in the United Kingdom. Instead its primary thrust is to guarantee that workers who have participated in private pension plans for a number of years will collect promised benefits even if they change jobs or the plan terminates before their retirement.

Because nearly all plans are totally financed by the employer, Congress is in effect demanding that corporations which have pension plans increase their already hefty contributions—an estimated \$15,000m in 1973.

The burden will, however, result in booming business for the banks, insurance companies and investment counselling firms which invest more than \$130,000m in private pension plans assets—the largest pool of private capital in the United States.

This new flow of money is fortuitous at just the time when the stock market has been acting so poorly that plan sponsors are seriously questioning how the funds they have accumulated for retiring persons should be invested.

Some corporations are looking into new investment media, especially real estate, where a 12 per cent on 15 per cent return seems feasible. Money managers who court pension assets—and that includes almost every manager in the country—have been preparing to meet these new interests. The largest financial institutions are the leading contenders for placing real estate investments. Insurance companies, which invest a good deal of their own assets in property, have an edge over the banks which historically have no skilled experience in the sector.

Many of the major companies—notably Prudential Insurance Company of America—have established pooled schemes specifically for their pension sponsors, but the big move is to enter the fray. The First National

Bank of Chicago, Midland National Bank and Wachovia Bank & Trust Co are only a few of those that have set up funds like Prudential's, commingling the assets of many pension funds and invest in the equity of property companies.

There are, in addition, a host of real estate firms which are attempting to market individual deals to pension funds. But most pension funds lack the knowledge to evaluate individual real estate deals and are more likely to look for financial institutions of high reputation which have a history in pension fund management.

It is, however, generally agreed that only a small portion—typically less than 15 per cent—of a pension fund can be earmarked for real estate, primarily because it is not liquid. Furthermore, so many dollars have turned to real estate instead of stocks—from real estate investment trusts, insurance companies and foreign investors—that sound, high-yielding deals are hard to find these days.

Thus, it is not possible for real estate to provide a feasible alternative for more than a smattering of the \$88,000m that private pension funds have invested in common stocks at the end of 1973.

The bond market, on the contrary, could absorb a considerable chunk of that sum, but pension sponsors are aware that the best-quality bonds are paying about an 8 per cent return while inflation is running close to 10 per cent. That gap, according to the most optimistic advocates of active bond management, can be almost made up by astute bond-exchanging to take advantage of market discrepancies.

While bond-changing has increased the return from bond portfolios during the past few years, many pension sponsors fear that more institutions begin to manage their bonds, the market will become more perfect, resulting in narrower spreads and lower overall returns. Consequently, they are hesitant to make any major shift out of common stocks and into bonds.

Perhaps the most potent argument against bailing out of the stock market is that stocks are so undervalued that 1974 may, in retrospect, be a marvellous buying opportunity. Despite widespread disillusionment with equities, the money manager community is not about to let the money in the pension industry in the immediate future is the one

who turns to good common stock performance. And in 1973 these managers were few and far between. Many of the stock managers who did do well in 1973 were, paradoxically, those who stayed out of the market. These are the so-called market timers who attempt to predict the market and act accordingly, selling out their portfolios at a market peak and reinvesting at the bottom.

Not surprisingly, many pension fund sponsors who saw their stock portfolios decline by 15 per cent or even 25 per cent in 1973 are looking for a successful market timer, even though the odds are against them. For independent studies show that the manager who

timed the market correctly in 1973 will probably fail to do so in 1974. Because of the sheer size of investments in equities by pension funds, market timing is a limited tool. It is clearly impossible to move more than a small fraction of \$113,000m out of the market without causing a market collapse and a collapse, too, in the value of pension assets. And these huge amounts of money tend to be concentrated in the large capitalization companies where billions of dollars can indeed be invested.

Since pension funds must ride with their common stocks through the years like 1973, option-writing to hedge downside risk is being seriously considered by some fund sponsors. At present there are legal obstacles against pension funds writing calls (a call is an option which gives the buyer the right to buy a specific number of shares of a specific stock at a specific price). Once those obstacles are removed, institutions like Irving Trust Company of New York which have set up options departments may find much more pension business coming their way.

Like real estate, active bond management and option-writing can only provide a partial solution to the dilemma of pension sponsors. For pension funds depend on the individual investor to buy their calls, and the individual investor is a vanishing breed.

It is, in short, a time of considerable uncertainty for pension funds. Indeed, there are many who say that difficulties of pension fund sponsors would disappear a healthy bull market. If there are many others who look at the pending pension reform Bill and the present demands of workers for better retirement benefits and are seriously worried that no asset management can produce a good enough rate of return to prevent pension obligations from becoming a bigger and bigger burden for the American corporation.

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SHIELDS SECURITIES CORPORATION

May 9, 1974.



ore and more women are climbing the corporate ladders of Wall Street. Julie Connelly interviews six of them—three bankers, two brokers and an investment manager—who are already at the top or on the upper rungs

**Helen Anderson**  
associate, corporate finance  
department  
Goldman Sachs & Co.

It is still somewhat unusual to find women in corporate finance in the United States, and when Helen Anderson, aged 26, was hired by Goldman Sachs three years ago, straight from college, she was the first woman in the department, although the firm has since hired another.

Helen had graduated first in her class from the St. Louis' Washington.

University to receive numerous job offers from corporations. "Nobody ever turned me down," she recalls. "I was a girl and I had done well in school." Her work at Goldman Sachs, an investment banking firm, calls for a great deal of travel and involves financial counselling for corporate clients on the methods of raising capital, working out financing plans and preparing the offering prospectuses.

Her eventual goal is to become a partner in her firm because, "it's a real, tangible measure of success."

**Ann W. Hilliard**  
assistant treasurer  
Morgan Guaranty Trust Co.  
The professional success of Ann Hilliard, aged 36, has followed a traditional path for American women—one of advancement through the secretarial ranks until she reached her present level of administrator in Morgan's corporate banking division.

Now her responsibilities are mainly those of liaison between the bank's corporate clients and its own operating departments. When she graduated from

Smith College with a bachelor's degree in economics in 1959, "women just weren't encouraged to go to business school. You were either a teacher, a secretary or you got married", she says.

Having married a few years ago, Ann is now taking her MBA degree at night from New York University, and says that her horizons are expanding accordingly. "I had thought I wanted to get into the investment side of banking," she says, "but now I'm changing my mind. The courses I like best are the management ones."

**Margaret A. Kervick**  
stockbroker  
Tucker Anthony & R. L. Day

As a stockbroker, Margaret Kervick, aged 33, spends about a third of her time researching stocks she thinks might be of interest to her 200 customers. "First thing each day," she reports, "I have to read the newspapers because you have to start with the world situation and try to figure out where we are going to be six months from now. For instance, there is a worldwide shortage of fertilizer right now, and I

have to ask myself what companies will be in a position to improve their profits because of this shortage."

After graduating from Manhattanville College with a BA degree in European history, and then spending a few years in personnel work, Margaret joined her firm at the top of the 1968 bull market.

"Being a woman opened a lot of doors for me," she says. "Times were good and an active investor had four or five brokers calling him constantly for his account. It was unique to be called by a woman."

**Alice J. Bradie**  
assistant vice-president  
research  
Paine, Webber, Jackson & Curtis

The career of Alice Bradie, aged 30, got off to a rather inauspicious start when she was refused a place in a training programme for security analysts run by Standard & Poor's, a financial publisher, because she had failed the written test that was part of the interview.

This former advertising copywriter and graduate of Boston University volunteered to do clerical work for the company in the mornings if she could get into the training class in the afternoons. "I just made up

my mind to do whatever I had to do to get my foot in the door. That's what desperation will do for you," she says.

Within two weeks, Alice was a full-time member of the class, and within four months was analysing the food processing companies as a fully-fledged Standard & Poor's analyst. Now, five years later, she follows the restaurant and lodging industries for Paine Webber's institutional clients (which include banks, pension funds and insurance companies) and spends much of her time "on the road" selling her ideas to her clients, most of whom are men.

"As soon as they see that a woman is not just doing her job as an adjunct to her social life," she says, "men tend to relax with her."

**Madeline McWhinney**  
president  
First Women's Bank

"The thrust of the First Women's Bank is nondiscrimination," says its president, Madeline McWhinney, who turned the job down when it was first offered because she did not think that banks discriminated against women in their lending policies.

"I'd never been turned down for a credit card or a loan, and when I was married I just switched everything to my married name with no trouble."

Madeline, aged 52, started her banking career during the Second World War when, armed with a degree

in economics and politics from Smith College, she went to work at the Federal Reserve Bank. Thirty years, an MBA degree and an assistant vice-presidency later, it was time for a change and she joined the First Women's Bank last January, having been convinced by the bank's organizers of the need for a financial institution that would set an example of lending to creditworthy women.

She says that in retrospect her career at the Federal Reserve might have been different if she had been a man: "I knew that there were areas in banking where it was going to be difficult for a woman to go, so I chose those areas where I thought a woman would excel."

**Anita Volz**  
partner at  
Brokaw, Schaenen, Clancy

Portfolio manager Anita Volz was made a partner at Brokaw, Schaenen, Clancy, an investment management firm, when she was 31, and is now at 33 the youngest of five partners—as well as being the only woman.

"My firm gives me excellent credentials and my ability has never been challenged; that's the advantage of being a partner over being an associate," she says, commenting on the fact that most women in business discover sooner or later—that if their firm is behind her, a woman seldom has difficulty getting clients to recognize her abilities. After graduation from

Smith College in 1952 and a brief stint at publishing, Anita went to live in Paris and found there a secretarial job at Lehman Brothers, an investment banking house.

"Negative decisions are often how career decisions are made," she says, "at least in terms of knowing what you don't want to do. And I knew I didn't want to stay in publishing."

"I stumbled into this career," she admits, "but when I had to sign the partnership agreement, I also had to give serious thought to it and consciously to make a long-term commitment." But Anita recognizes, too, that there is a problem in achieving relative success at an early age, a problem she defines as, "will the job continue to be challenging enough to keep you interested?"

## Commodities pass the peak



Michael J. Burke

the pendulum swung too far. As measured by the Jones futures market, commodity prices fell about 85 per cent in January 1973, and February 1974, when a record was registered. Since the Dow Jones futures has dropped sharply, as of May 6 prices had risen about 25 per cent, a previous, overall, 14 per cent advance.

the broad view the on most observers these days is whether the pendulum has begun to swing back. In short, have commodity prices in general returned to a cooling-off, or are they continuing to have a serious crop reversals. Of course, gains can be made by short in a declining market as well as when a market is rising. Usually when each country's underlying economic environment, which governs its price level, is active and rising, commodity prices tend to rise. This trend has already been seen earlier this year in feed grains, oil seeds, other related commodities.

able personal income, putting a squeeze on income and forcing a revaluation of buying habits. Whatever the cause, meat consumption, which fell about 7 per cent to 175 lb a head during 1973, appears to be fading further.

Because of inflation, costs of other items, petroleum in particular, have had a similar impact, causing consumer purchasing power to drop decisively during the past 12 months. According to recent surveys of consumer sentiment, these trends could continue in the foreseeable future.

Inflation, higher interest rates, and a prime rate of 10 per cent effect not only food but housing. January and February housing starts increased, reflecting an expected increase in demand. However, the first glance this appears to indicate a healthy climate for the forest products industry, but the truth is that mortgage money is quite difficult to obtain.

During 1973 the average single family home cost more than \$34,000 or about 10 per cent more than the previous year. Much of the case for a robust housing starts rests upon the decline in interest rates, which has not yet occurred. The more likely conclusion is that forest product prices, specifically plywood and lumber, may go to join the roster of items entering a moderate downturn.

Turning to cocoa, I find that most observers agree that available supplies are tight with new crop products almost six months away. Yet in view of cocoa's status as a luxury item, retail demand is likely to be cut back in time. Perhaps manufacturers miscalculated the length of time-lag required for a reduction in consumption and recently found themselves in a temporary scramble for supplies nearby.

### Demand will slacken

Over the longer term, however, current values should discourage consumption, causing demand to slacken and prices to fall. The same argument might be made for sugar, since latest estimates by the United States Department of Agriculture indicate an addition to stocks in the order of one million metric tons. The outlook for coffee is less clear because of planned market intervention by leading producers. Continued efforts by exporting nations to control supply might alter the current price outlook for international commodities, such as copper, sugar, cocoa and coffee over the longer term.

On the international scene, gold will continue to dominate the news. Here we are faced by an extremely volatile situation with many complex economic and psychological considerations. In the case of silver, though it may be suspected that levels in excess of \$6 an ounce might attract renewed selling pressure. Probably too much has been made of the connection between gold and silver; and when considering that United States unmet reserves of the metal total more than 4,000 million ounces, one can see that the shortage issue over the longer range becomes debatable.

Silver, an industrial commodity, can also be exported legally from India adding to potential supply overhanging the market. Recent market movement suggests that an interim top seems to have been established. The expectation now is for generally

defensive to declining prices with wide two-sided swings.

Individuals are likely to turn to gold—precious metals to preserve the purchasing power of their money in the event of hyperinflation. In such a case rising quotations would be expected at least for a while.

In the case of copper, a sizable downward reaction could develop this year while markets assess the impact of economic contraction and the United States labour situation. However, such a reaction is not likely to carry below the upper end of last year's price range, barring an extreme slow-down in demand.

The outlook for commodity markets is closely linked to the continuing inflation problem. During January, seasonally-adjusted wholesale prices rose at an annual rate of 36 per cent, contributed to by food up 30 per cent and fuel and power prices up 68 per cent. At the same time the Federal Reserve Board's index of industrial production fell 9 per cent in January after falling 71 per cent the previous month. Both figures are annual rates.

Personal income declined significantly during January, partly as a result of unemployment in the vehicle industry and shorter working weeks because of the Arab oil embargo. Business inventories spending amounted to \$32.6 billion (an annual rate) during the third quarter of 1973, the largest quarterly figure since the end of the Second World War. Indications are that we could be witnessing a classic inventory build-up which may be borrowing from future demand.

The recent hoarding of everything from raw commodities to finished goods could lead to a demand shortage later, similar perhaps to the aftermath of the buying panic in beef that occurred last summer. As businessmen are persuaded that the stockpiling of inventories is unnecessary, bank loan demand should slacken considerably accompanied by unwinding in short-term interest rates and a slowing down in final demand.

Where will it all end? One might think the most hopeful situation would be to have the present high cost and less available credit contributing to a further decline in commodity prices this year. As the cost of carrying commodity positions increases, positions might well have to be liquidated, especially in a possible environment of weakening underlying demand from industry. After a decline in commodities, wholesale prices and living costs should moderate in time.

At present the outlook for commodities includes a greater degree of uncertainty than ever before because of growing currency instability and accelerating price inflation in most western countries. This underscores a greater need for futures markets by business for hedging purposes and a greater need for more speculators to provide the market with additional liquidity required to minimize present wide price fluctuations.

Judging from the present declining open-interest trends (number of contracts outstanding) for traded commodities and because of extreme price volatility, a substantial increase in the number of speculators rather than fewer would make world commodity markets function more smoothly. Broad and active markets can best set prices and ration available supplies when based upon the natural law of supply and demand.

The author is vice-president, Merrill Lynch, Pierce, Fenner & Smith.

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